

[The pages follow:]

MILITARY CONSTRUCTION, NAVAL RESERVE—FISCAL YEAR 1974

[In thousands of dollars]

	Budget plan (amounts for construction actions programmed)			Obligations		
	1972 actual	1973 estimated	1974 estimated	1972 actual	1973 estimated	1974 estimated
Program and financing:						
Program by activities:						
1. Major construction.....	9,561	18,803	18,858	11,030	15,400	22,600
2. Minor construction.....	160	300	300	121	600	300
3. Planning.....	1,179	1,397	1,142	1,076	1,000	1,000
Total.....	10,900	20,500	20,300	12,227	17,000	23,900
Financing:						
Unobligated balance available, start of year, for completion of prior year budget plans.....				-17,308	-15,981	-19,481
Unobligated balance available, end of year, for completion of prior year budget plans.....				15,981	19,481	15,881
Budget authority (appropriation).....	10,900	20,500	20,300	10,900	20,500	20,300
Relation of obligations to outlays:						
Obligations incurred, net.....				12,227	17,000	23,900
Obligated balance, start of year.....				1,153	8,465	13,265
Obligated balance, end of year.....				-8,465	-13,264	-23,065
Outlays.....				4,915	12,200	14,100
Object classification:						
Other services.....				551	1,472	1,067
Lands and structures.....				11,676	15,528	22,833
Total obligations.....				12,227	17,000	23,900

PROPOSED AUTHORIZATION AND FUNDING SUMMARY

[All dollars thousands]

Location of proposed construction		Aviation forces	Surface forces	Marine Corps ground forces	Total authori- zation	Total funding
District	State					
1st.....	Massachusetts, Rhode Island.....	300	1,475	564	2,339	2,339
3d.....	New York.....		481		481	481
4th.....	Pennsylvania.....	1,682	1,138		2,820	2,820
6th.....	Georgia.....	529			529	529
8th.....	Texas.....	6,377	1,839	996	9,212	9,212
9th.....	Illinois, Indiana, Michigan.....	518	2,099	860	3,477	3,477
Various.....	(continuing authorization).....					1,442
Total.....		9,406	7,032	2,420	18,858	20,300

MILITARY CONSTRUCTION NAVAL RESERVE PROGRAM, FISCAL YEAR 1974

[In thousands of dollars]

	Authorization	Appropriation
1st Naval District:		
State of Massachusetts: Naval Air Station, South Weymouth (COMNAVAIRRES): P-042 Aircraft corrosion control facility (116.10 LS).....	300	300
State of Rhode Island:		
Armed Forces Reserve Center, Providence (COMNAVSURFRES): P-001 Reserve training building (171.15—25,848 SF).....	1,475	1,475
Armed Forces Reserve Center, Providence (MARCORPS): P-001 Reserve training building (171.15—12,544 SF).....	564	564
Total, 1st Naval District.....	2,339	2,339

MILITARY CONSTRUCTION NAVAL RESERVE PROGRAM, FISCAL YEAR 1974—Continued

[In thousands of dollars]

Installation and project	Authorization	Appropriation
3d Naval District: State of New York: Naval and Marine Corps Reserve Center, Brooklyn (Floyd Bennett Field) (COMNAVSURFRES): P-305 Berthing facilities (151.20 LS).....	481	481
4th Naval District: State of Pennsylvania: Naval Reserve Center, Allentown (COMNAVSURFRES): P-100 Reserve training building (171.15-26,894 SF).....	1,138	1,138
Naval Air Station, Willow Grove (COMNAVAIRRES): P-012 Warehouse (441.10-24,615 SF).....	468	468
P-053 Bachelor enlisted quarters (722.12-33,162 SF).....	1,214	1,214
Total.....	1,682	1,682
Total, 4th Naval District.....	2,820	2,820
6th Naval District: State of Georgia: Naval Air Station, Atlanta (COMNAVAIRRES): P-251 Bachelor enlisted quarters addition (722.11-17,808 SF).....	529	529
8th Naval District: State of Texas: Armed Forces Reserve Center, Austin (COMNAVSURFRES): P-022 Reserve training building (171.15-20,016 SF).....	752	752
Armed Forces Reserve Center, Austin (MARCORPS): P-101 Reserve training building (171.15-8,175 SF).....	306	306
Naval Air Station, Dallas (COMNAVAIRRES): P-161 Aircraft parking apron (113.20-75,500 SY).....	1,982	1,982
P-137 Maintenance hangar (211.05-111,894 SF).....	4,395	4,395
Total.....	6,377	6,377
Naval and Marine Corps Reserve Center, Dallas (COMNAVSURFRES): P-007 Reserve training building (171.15-33,818 SF).....	1,087	1,087
Naval and Marine Corps Reserve Center, Dallas (MARCORPS): P-007 Reserve training building (171.15-20,994 SF).....	690	690
Total, 8th Naval District.....	9,212	9,212
9th Naval District: State of Illinois: Armed Forces Reserve Center, Quincy (COMNAVSURFRES): P-084 Reserve training building addition (171.15-13,851 SF).....	591	591
Naval and Marine Corps Reserve Center, Peoria (COMNAVSURFRES): P-095 Reserve training building (171.15-23,042 SF).....	920	920
Naval and Marine Corps Reserve Center, Peoria (MARCORPS): P-101 Reserve training building (171.15-13,144 SF).....	525	525
State of Indiana: Armed Forces Reserve Center, Evansville (COMNAVSURFRES): P-030 Reserve training building (171.15-14,431 SF).....	588	588
Armed Forces Reserve Center, Evansville (MARCORPS): P-101 Reserve training building (171.15-8,185 SF).....	335	335
State of Michigan: Naval Air Facility, Detroit (COMNAVAIRRES): P-006 Taxiway extension.....	345	345
P-014 Ground support equipment shop.....	173	173
Total.....	518	518
Total, 9th Naval District.....	3,477	3,477
Continuing authorization: Various locations: Construction planning and minor construction.....		1,442
Grand total, authorization.....	18,858	
Grand total, appropriation.....		20,300

STATEMENT OF CHIEF OF NAVY RESERVE

Mr. SIKES. Admiral Cooper, we are very glad to have you before us. We will insert your biographical sketch in the record.
[The biographical sketch follows:]

VICE ADM. DAMON W. COOPER, U.S. NAVY

Damon Warren Cooper was born in Elizabethtown, Ky., on April 27, 1919. He attended Western Kentucky State Teachers College at Bowling Green prior to entering the U.S. Naval Academy in 1937. He was commissioned an ensign on February 7, 1941.

Following graduation from the Naval Academy in 1941, he joined the U.S.S. *Waters* and in February 1943 was detached for flight training at Pensacola, Fla.

His first World War II combat duty as a naval aviator was performed with Torpedo Squadron 24 which he commanded from August 1944 until August 1945. For outstanding services while in such command, including 60 combat missions in the Ryukyus area, he was awarded the Distinguished Flying Cross with two gold stars and the Air Medal with eight gold stars.

In September 1945 he reported as navigator on board the U.S.S. *Kasaan Bay* and from July 1946 to September 1947 was a student at the Naval Intelligence School, Washington, D.C. He next served as intelligence officer on the staff of Commander Air Force, Pacific Fleet and in October 1949 assumed duty as assistant training officer and officer in charge of fighter squadron ATU-4 at the Naval Auxiliary Air Station, Cabaniss Field, Corpus Christi, Tex.

His first duty in connection with combat operations in the Korean conflict was performed as intelligence officer on board U.S.S. *Philippine Sea* from August 1950 to January 1951. For meritorious service in that capacity he was awarded the Navy Commendation Medal with Combat "V". After an assignment as intelligence officer on the staff of Commander Carrier Division 5, he reported in September 1951 as commanding officer of fighter squadron 821 aboard U.S.S. *Essex*. For meritorious service as commanding officer of this squadron he was awarded the Bronze Star Medal with Combat "V." He also was awarded gold stars to his Air Medal for completing 20 missions during the period of August 1, 1952, to January 2, 1953.

He served in the office of the Chief of Naval Operations as head of the Aviation Armament Section in the Air Warfare Division from March 1953 to February 1955. He next commanded Air Task Group 3, on the U.S.S. *Shangri-La*, and in June 1956 reported as Operations Officer on staff of Commander Air Force, U.S. Pacific Fleet. He joined the attack carrier U.S.S. *Independence* (CVA-62) as executive officer when she was commissioned January 10, 1959, and served in her until detached, in July 1959, for duty as commanding officer of Attack Squadron 44.

He was a student at the Naval War College, Newport, R.I., from July 1957 to June 1958 and at the National War College, Washington, D.C., from July 1960 to July 1961. Following completion of instruction at the National War College, he served in the Programs Branch, Joint Chiefs of Staff, Washington, D.C. In April 1963, he assumed command of the U.S.S. *Pine Island* (AV-12) and in July 1964 reported as commanding officer of U.S.S. *Ticonderoga* (CVA-14). He was awarded the gold star in lieu of the second Navy Commendation Medal for meritorious service in the latter duty.

Detached from the *Ticonderoga*, he was ordered to the Bureau of Naval Personnel where he served as Assistant Director for Captain Detail (Aviation) from June 1965 to July 1966, then as Deputy Assistant Chief for Personnel Control. In December 1966 he assumed command of Patrol Force 7th Fleet/Taiwan Patrol Force/Fleet Air Wing 1. For exceptional service in such assignment he was awarded the Legion of Merit. He was advanced to flag rank as rear admiral, to date from July 1, 1967.

In August 1969, Rear Admiral Cooper reported as Assistant Chief of Naval Personnel for Personnel Control. For his exceptional meritorious service during his tenure in that capacity from August 1968 to August 1970, he was awarded a gold star in lieu of the second Legion of Merit.

He assumed command of Carrier Division 9 in August 1970 and in March 1971 reported as Commander Attack Carrier Striking Force, 7th Fleet/Commander Carrier Division 5. He was advanced to vice admiral, to date from August 16, 1972. For this duty he was awarded the Distinguished Service Medal.

On April 12, 1973, Vice Admiral Cooper assumed the duty as Chief of Naval Reserve with headquarters in New Orleans, La., and additional duty as Director of Naval Reserve on the staff of the Chief of Naval Operations.

His "home town" address is Elizabethtown, Ky. He is married to the former Anne Porter Leverick of Olympia, Wash., and they have three daughters, Anne Michele (now Mrs. Davidson), Mary Patricia, Jeanne Fleetwood, and a son, John Rockwell Cooper.

Mr. SIKES. We will be happy to hear your statement.

Admiral COOPER. Thank you, Mr. Chairman.

I am pleased to appear before you today for the purpose of presenting the Naval and Marine Corps Reserve military construction requirements for fiscal year 1974.

The request, totaling \$20.3 million of lump sum authority, provides \$18.9 million for specific projects and \$1.4 million for continuing

authority. This is a modest sum when compared to total requirements, yet it is consistent with budget limitations and the Navy's overall priorities. The projects to be accomplished under the lump sum authority are urgently needed to enhance the training and mobilization readiness and the recruiting and retention effort of the Naval and Marine Corps Reserve.

Currently, there are 364 sites throughout the country supporting the Naval Surface Reserve. The Marine Corps Reserve is collocated with the Navy in 126 of these sites. In addition, the Marine Corps Ground Reserve is located at 44 other sites separate from the Naval Reserve. In fiscal year 1974, there will be 63 Reserve Force ships located at ports convenient to Reserve personnel. Additionally, we operate 6 Naval air stations, 1 Naval air facility, and 36 other Naval and Marine Corps Air Reserve sites.

We are continuing to emphasize a cost-effective policy of joint utilization. Of the 451 Naval and Marine Corps Reserve sites currently in use, 259, or over 57 percent, are jointly utilized with one or more other services—and that percentage is increasing annually. In the fiscal year 1974 MCNR program before you, two projects are for the construction of Naval and Marine Corps Reserve Centers, and four are for joint construction of Armed Forces Reserve Centers. Eight of the remaining ten projects are on sites which are already jointly utilized, and five of those will directly benefit other services. All the projects are designed to improve personnel support and operating facilities critical to both Navy and Marine Corps mobilization objectives. The projects presented are of definite and continuing importance in building the readiness and responsiveness of our Naval and Marine Corps Reserve. The program has been carefully screened and contains only projects of greatest urgency.

The Naval Reserve has an urgent need for this funding to replace or modernize obsolescent facilities—particularly in view of the increased emphasis on the Reserve. We appreciate your past support and earnestly seek it for the urgent projects included in this year's program.

This concludes my statement, Mr. Chairman. I shall be pleased to answer any questions or provide further information as desired.

SUFFICIENCY OF PROGRAM

Mr. SIKES. Thank you, Admiral Cooper.

How much money did you seek for Reserve construction, for Navy and for Marine Corps separately?

Admiral COOPER. Separately? Let me break it out.

Approximately \$12 million Navy and \$8 million Marine, but let me break it out exactly.

[Additional information follows:]

16. PROJECTS COMPRISING THE FISCAL YEAR 1974 NAVAL AND MARINE CORPS RESERVE CONSTRUCTION REQUEST

Description	Projects	Amount (thousands)
Navy Reserve only.....	3	\$2,087
Marine Corps Reserve only.....	2	6,377
Joint Navy/Marine Corps Reserve.....	7	5,783
Joint Navy and/or Marine Corps Reserve with another service.....	4	4,611
Continuing authority.....		1,142
Total.....	16	20,300

Mr. SIKES. And the actual amount before us is how much?

Admiral COOPER. \$20.3 million, sir.

Mr. SIKES. Did you get all of the money that you sought?

Admiral COOPER. You say did we get all the money that we sought, sir?

Mr. SIKES. Yes.

Admiral COOPER. We didn't get all the money we could use.

Mr. SIKES. No; did you get all the money you requested?

Admiral COOPER. Well, we do need at least \$2.6 million more than—

Mr. SIKES. Did you request that?

Admiral COOPER. No, sir; we did not.

Mr. SIKES. Why not? Did you have guidelines within which you had to stay?

Admiral COOPER. Yes, sir; we had budgetary guidelines.

Mr. SIKES. Tell us, if you had additional funds, how would you spend them?

Admiral COOPER. If we had additional funds, we have priorities established which would permit us to take a better bite into our backlog of military construction that we have right now. Basically, some of the projects that are included in the projected fiscal year 1975 would be so included.

Others which we were funded for during fiscal 1973 but had to reprogram funds would be brought back in, also.

I can give you a list of the projects, if you would like.

Mr. SIKES. Identify those for the record.

Admiral COOPER. Yes, sir.

[The information follows:]

BACKLOG OF PROJECTS

The Naval Facilities Engineering Command maintains a data bank of validated construction projects for the Navy and Marine Corps Reserve. This backlog of construction requirements currently totals approximately \$318 million. Additional construction funds, over and above \$2.6 million which would be used to reinstate projects deferred in order to accomplish the new Naval Reserve Headquarters construction, would be applied against the backlog of construction requirements starting with the highest priority items and working down the list. For example, the first 15 projects, in priority order, are as follows. All other factors remaining constant, they will be the first 15 projects requested in fiscal year 1975:

Priority, activity, and project description	Cost (thousands)			Total
	Air	Surface	Ground	
1. AFRC, Washington, D.C., Reserve training building.....		\$750		\$750
2. AFRC, Tulsa, Okla., Reserve training building.....		943	\$573	1,516
3. NRC, Las Vegas, Nev., Reserve training building.....		630		630
4. NAS, Willow Grove, Pa., maintenance hangar.....	\$4,281			4,281
5. NAS, Willow Grove, Pa., aircraft parking apron.....	1,261			1,261
6. NAS, Willow Grove, Pa., technical training building addition.....	734			734
7. MCRC, Jacksonville, Fla., Marine maintenance facility.....			172	172
8. AFRC, Floyd Bennett, N.Y., Reserve training building.....		1,619	604	2,223
9. AFRC, Rock Island, Ill., Reserve training building.....		1,009	514	1,523
10. NAS, New Orleans, La., modernization and A/C 2 BEQ'S.....	516			516
11. NRC, Salt Lake City, Utah, Reserve training building.....		1,186		1,186
12. N & MCRC, Lexington, Ky., Reserve training building.....		710	283	993
13. NAS, New Orleans, La., dispensary addition.....	681			681
14. NAS, Glenview, Ill., BEQ.....	1,314			1,314
15. NRC, Wilmington, N.C., Reserve training building.....		452		452
Total.....	8,787	7,299	2,146	18,232

BIDDING EXPERIENCE

Mr. SIKES. What has been your recent bidding experience with these programs?

Admiral COOPER. Good competitive bidding has been experienced on recent construction contracts, with an average of eight qualified bidders per project. Generally speaking, bids on Reserve center construction projects have come in lower than anticipated while bids on aircraft maintenance hangars have been higher. Overall, bids have been slightly lower than estimates, allowing us to operate within our total lump-sum authorization.

PROGRAM CHANGES

Mr. SIKES. Could you provide for the record the changes which have occurred in the program presented to Congress last year?

[The information follows:]

The following list shows the projects which were submitted to Congress for fiscal year 1973 and those actually undertaken. The difference in the submission to Congress and actual program column totals is accounted for by a congressional add-on of \$4.5 million.

MCNR, FISCAL YEAR 1973

Location and description	Submitted to Congress	Actual program
N MCRC, Rochester, N.Y., Reserve training building (N).....	1, 137, 000	977, 000
NMCRC, Rochester, N.Y., Reserve training building (MC).....	806, 000	482, 000
NAS, Willow Grove, Pa., substation expansion.....	172, 000	90, 000
NAS, Glenview, Ill., aircraft parking apron.....	2, 209, 000	1, 004, 000
NAS, Glenview, Ill., maintenance hangar.....	4, 207, 000	4, 809, 000
MCRC, Johnson City, Tenn., applied instruction building.....	90, 000	135, 000
NAS, Dallas, Tex., aircraft washrack.....	110, 000	113, 000
NMCRC, San Bruno, Calif., reserve training building (N).....	1, 414, 000	1, 242, 000
NMCRC, San Bruno, Calif., reserve training building (MC).....	751, 000	659, 000
NMCRC, Portland, Oreg., reserve training building (N).....	1, 718, 000	1, 718, 000
NMCRC, Portland, Oreg., reserve training building (MC).....	525, 000	704, 000
NAS, Atlanta, Ga., dispensary and dental clinic.....	1, 576, 000	1, 476, 000
NAS, Miramar, Calif., aircraft parking apron.....		1, 380, 000
NAS, Miramar, Calif., maintenance hangar.....		2, 870, 000
CNAVRES, New Orleans, La., CNAVRES headquarters.....		1 585, 000
AFRC, Tuscaloosa, Ala., reserve training building.....		559, 000
Total, major construction.....	14, 715, 000	18, 803, 000
Design.....	985, 000	1, 397, 000
Minor.....	300, 000	300, 000
Total, appropriation.....	16, 000, 000	20, 500, 000

¹ The total MCNR cost is \$2,200,000. The balance of \$1,615,000 is from savings in prior years.

FACILITY UTILIZATION

Mr. SIKES. Are you having any problems as a result of Executive Order 11508 actions?

Admiral COOPER. Boston may be a problem. The Fargo Building which houses, along with other tenants, the Boston Naval Reserve Center may be exccessed to GSA. The Army Reserve and Marine Corps Reserve may also be forced to vacate their respective quarters in the immediate vicinity of the Fargo Building. We are presently considering other possible drill sites, the feasibility of converting the Fargo Building to an Armed Forces Reserve Center, or recommending new triservice construction.

JOINT USE OF FACILITIES

Mr. SIKES. To what extent are you making joint use of facilities with other services?

Admiral COOPER. Wherever possible we are entering into joint construction of new projects and co-use of existing facilities. As I mentioned in my statement, of the 451 Naval and Marine Corps Reserve sites currently in use, 259, or over 57 percent are jointly utilized with one or more other services—and that percentage is increasing annually. Of the 16 projects in the fiscal year 1974 program before you now, 14 are either joint construction or at facilities which are already jointly utilized.

AIR UNITS

Mr. SIKES. Can you give us some idea of the scope of your air units, where they are located, how many men and aircraft are involved, et cetera?

Admiral COOPER. The Naval Air Reserve numbers approximately 6,000 officers and 22,500 enlisted personnel and has 405 aircraft. Drills are conducted at 21 flying sites and 10 nonflying sites nationwide.

PERSONNEL STRENGTH

Mr. SIKES. What are your problems, if any, in retaining an adequate number of people for the reserve organization?

Admiral COOPER. We have problems. Our reenlistment rate for our first-term people is 7 percent, for our two-by-six, and is 12 percent for the four-by-ten personnel.

Mr. SIKES. Those designations will not mean anything in the record unless you define them.

Admiral COOPER. These are the first-term individuals, the men who are brought in, without prior military service. The two-by-six enlistee is required to serve 2 years on active duty within a 6-year enlistment. When he has completed 2 years of active duty, he becomes a drilling reservist, a Selected Reserve. It is this group of individuals, when the 6 years are up, that we are realizing only 7 percent of the men who reenlist.

The four-by-ten individuals are those who go on active duty for training for not less than 4 months nor more than 10 months usually being given a class A school following recruit training. Then he also has a total of 6 years obligation, the remainder of which after the 4 to 10 months will be spent in a drilling status.

Mr. SIKES. What are your principal needs if you are to attain the personnel levels that you are seeking? Are they the same as for the other Reserve components?

Admiral COOPER. For the Navy we are going down in our sought drilling strength this year. Where it was 129,000 for fiscal year 1973, we have asked for 116,981 for this year.

We will be able to meet this requirement this year.

Mr. SIKES. What do you predict for the future? Will you have problems?

Admiral COOPER. Yes, sir, we will have difficulty in the future. It is becoming apparent to us already. For the past 4 months we have failed to meet our Reserve non-prior-service recruiting quotas.

BENEFIT PROGRAMS

Mr. SIKES. Will the benefit programs which have been outlined for the other services have the same beneficial effect on the Naval Reserves?

Admiral COOPER. Yes, sir, they will.

Mr. SIKES. Do you recommend them?

Admiral COOPER. Yes, sir, we do. One possible difference for the bonus. We would propose giving it only to those units for people who are going to be in the combat units.

MARINE RESERVE PERSONNEL

Mr. SIKES. What is the situation on Marine Reserve personnel? Do they have problems compared with yours?

Major HERLOCKER. Sir, I have that information.

Our Reserve strength has actually increased from April 30 through June 30 in total numbers of Marine Corps Reserves, selective Reserves, but I will provide the exact figures for the record, if I may.

[The information follows:]

Since the advent of the all volunteer force concept in early 1972 and the elimination of draft quotas, the Marine Corps Reserve has experienced a continuous decline in overall strength with the exception of a slight increase during the period April 1 through June 30, 1973, when our strength in units increased from 34,102 to 34,383. Current estimates for fiscal year 1974, indicate that it will be the most difficult year to date. Preliminary estimates for the month of July indicate that only 50 percent of required nonprior service recruit air/ground quota will be attained. There is no indication that this trend will significantly improve in the foreseeable future.

RECRUITMENT

Mr. SIKES. How does the Navy and how do the Marines recruit their personnel for Reserve duty? First the Navy.

Admiral COOPER. For the recruiting personnel without prior military service the Naval Recruiting Service has responsibility for the entire Navy, in other words, both the Active and the Reserve.

For the cadre or veteran type the Naval Reserve does its own recruiting.

Mr. SIKES. The Marines?

Major HERLOCKER. I would like to refer that to Lieutenant Colonel Trehy as a representative of the Office of Division of Marine Corps Reserves.

Mr. SIKES. All right, Colonel.

Lieutenant Colonel TREHY. Sir, for recruiting into the Reserve we have a program whereby our district directors go out and seek direct enlistments for the Reserve. For the prior-service personnel, prior to their departing the regular service, they are advised of the advantages of joining the Reserve and the benefits they can accrue by staying in a Reserve unit. We have had some increase in prior-service Marines entering the Reserve program.

Mr. SIKES. Do you feel that the Marines will need the same incentives to maintain adequate Reserve strength as the other services are seeking?

Lieutenant Colonel TREHY. Yes, sir. We support the bonus program. Right now it is a little bit early to tell what the impact will be. We also believe that there may be other programs that may be applicable to retaining our Marines, such as a GI bill for the Reserves perhaps or a college tuition assistance program. Which one may be the better program we don't know at this time, sir.

ADEQUACY OF PROGRAM

Mr. SIKES. Is your Reserve construction program as outlined before us adequate for fiscal 1974, or did you seek additional projects?

Lieutenant Colonel TREHY. Sir, if I may, I will turn that back to Major Herlocker.

Major HERLOCKER. We consider this request adequate although as the Admiral stated, we could use more money. This is a continuing program on our part.

Mr. SIKES. You did not ask for more money?

Major HERLOCKER. No, sir. This is our program. We do have projects that we could utilize the money on if we should get more.

Mr. SIKES. How much additional money? Will you supply that in the information I requested earlier?

RESERVE ORGANIZATION

Mr. SIKES. Now, Admiral, will you discuss the functions of the Chief of Naval Reserves organization?

Admiral COOPER. Yes, sir.

This position was established on February 1, of this year in New Orleans, the purpose being to consolidate the staff of the commander, Naval Surface Reserve, now located in Omaha and that of the Naval Air Reserve located in Glenview.

In addition, at the same time the same individual was double-hatted as the Director of Naval Reserve located in the Office, Chief of Naval Operations. Between the Chief of Naval Reserve and the Director of Naval Reserve we are concerned with the programing, planning, preparation of the budget, and support in addition to the manning resources for the Naval Reserve. The Chief of Naval Reserve is responsible for the training, readiness and administration of the Naval Reserve including the 364-plus Naval Reserve facilities and the 129,000 selected reservists now drilling.

Mr. SIKES. Will there be a reorganization of Naval Reserve units now that the new organization has been established?

Admiral COOPER. There will be no drastic reorganization, sir. There is going to be some restructuring, particularly in the Naval Surface Reserve, which is one of our weakest programs, whereby we are going to Readiness Commands, and Readiness Centers, which will require additional equipment.

We are going to try to have in our reserve organization a mirror image of the active duty forces. We intend to make increased use of fleet training facilities and a closer integration of our Reserve operation.

NAVY EQUIPMENT LEVELS

Mr. SIKES. Are you receiving adequate amounts of modern equipment for the Reserves?

Admiral COOPER. In the field of jet transports we definitely are not. This is the biggest weakness we feel we have in our Reserve programs right now.

Mr. SIKES. What are you using?

Admiral COOPER. We are using C-118's, sir. Their service life will be up in about 5 years.

Mr. SIKES. In what other areas are there shortfalls in equipment?

Admiral COOPER. Destroyers, our 26-year-old destroyers, although they have been modernized, been through the fleet rehabilitation modernization program. Again these are old ships. We are transferring 25 and are picking up 27 during fiscal year 1974.

Mr. SIKES. Will you get newer ships from the layup of some of the current naval ships?

Admiral COOPER. The active Navy gives us the best ships that they have of this type. The destroyers will be of about the same age as those being replaced in the Naval Reserve but will have more modern equipment or be in better condition in most cases.

Mr. NICHOLAS. You mentioned you are getting FRAM destroyers.

Admiral COOPER. Yes, sir, we are.

Mr. NICHOLAS. Could you provide the weapons systems, the capability, of the ships that you are getting versus the ones that you will be scrapping?

Admiral COOPER. You say can we provide it?

Mr. NICHOLAS. Yes; typical types of weapons systems.

Admiral COOPER. We do get some improved weapons systems, ASROC, different types of radar, but we do have the capability to man them the same as we were able to man the destroyers which we are now turning over and are being struck.

[The information follows:]

Since fiscal year 1971 we have been replacing the less fleet capable non-FRAM and FRAM II ships with FRAM I destroyers. The fleet rehabilitation and modernization (FRAM) conversions accomplished during the period fiscal year 1960 through fiscal year 1964 were designed to increase the combat capability and service life of destroyers built in the middle to late 1940's. The 27 destroyers being transferred to the Naval Reserve Force in fiscal year 1974 are all FRAM I ships. The major improvement on the FRAM I destroyers is the longer range sonar and the ASROC launcher, a superior antisubmarine warfare (ASW) weapons systems. The FRAM II and non-FRAM destroyers are equipped with torpedo tubes as the major ASW weapon.

Mr. SIKES. Are there any other equipment weaknesses in the Reserves?

Admiral COOPER. Our aircraft, particularly in the fighter category. We do need more modern fighters.

Mr. SIKES. What are you using?

Admiral COOPER. We are using the F-8 now and hope to get the F-4. In this fiscal year we are supposed to get one squadron of F-4's. The P-2 aircraft are good, old patrol planes. They do not have the capabilities that the P-3's have.

We have two squadrons of P-3's and we are getting P-3's for two additional squadrons this year. Eventually we hope to have all the land-based patrol squadrons outfitted with these P-3 aircraft. On the Seabees' equipment we are short approximately \$44 million. We are short of mobilization equipment for the 18 Seabee battalions. We cannot equip all of them. I will have to provide for the record the exact amount we are short.

[The information follows:]

The requirements for additional mobilization equipment for the programed Reserve construction force is currently as follows:

	<i>Millions</i>
Automotive/construction equipment.....	\$17. 3
Other major equipment (communication, ordnance, medical/dental, etc.)---	5. 0
"Off the shelf" minor items and consumables.....	21. 1
Total deficiencies.....	43. 4
Less fiscal year 1974 planned procurement.....	1. 6
Balance.....	41. 8

MARINE CORPS EQUIPMENT LEVELS

Mr. SIKES. May I have the same information from the Marine Corps on the adequacy, amount, and degree of modernization of your equipment?

Major HERLOCKER. Yes, sir. You would like to have that for the record?

Mr. SIKES. Now.

Major HERLOCKER. We have a parallel aviation situation with that discussed by the admiral. We are using F-8's and A-4's. As far as the ground units, we are completing transition to the Tracked Landing Vehicle, Personnel Carrier, Model 7 and I understand, as of last month we have transitioned to M-48 tanks in all applicable Reserve units.

The rest of our equipment is the same as that used by the Regular Forces.

Mr. SIKES. What tanks are you using now?

Major HERLOCKER. M-48, sir.

Mr. SIKES. Will you continue to use the M-48, or are you going to the M-60's?

Lieutenant. Colonel TREHY. We will go to the M-60 at a later date. The exact time I don't have available now.

Mr. SIKES. But you are now using the M-48?

Lieutenant Colonel TREHY. Yes, sir, we are.

Mr. SIKES. All right.

CONSTRUCTION BACKLOG

What is your estimated total backlog of construction requirements for the Navy and Marine Corps Reserves? Break it down for the record by facilities category.

[The information follows:]

As of May 29, 1973, the following represented the backlog of construction requirements:

[In thousands of dollars]

Investment category	Air	Surface	Ground
01—Operational.....	56,589	0	0
02—Operational.....	384	0	0
03—Operational.....	0	481	0
04—Operational.....	615	0	0
05—Training.....	17,404	122,105	29,579
06—Maintenance.....	17,798	0	0
08—Maintenance.....	3,032	0	172
11—General support.....	53	0	0
12—General support.....	3,885	0	0
13—General support.....	1,924	0	0
14—General support.....	4,564	0	0
15—Troop support.....	24,867	0	0
16—Troop support.....	22,660	0	0
17—Utilities.....	3,326	213	0
18—Land.....	0	34	0
19—(Minor) (P/D).....			
Total.....	157,101	122,833	29,751

	<i>Thousand</i>
Air.....	\$157,101
Surf.....	122,833
Grd.....	29,751
P/D (1974 thru 1979).....	6,707
Minor (1974 thru 1979).....	2,100
Total.....	318,492

BASE CLOSURE IMPACT

Mr. SIKES. Will the shore establishment realignment have any major effect on your organization and facilities picture?

Admiral COOPER. No, sir.

Mr. SIKES. The same is true for the Marines?

Major HERLOCKER. Yes, sir.

Mr. NICHOLAS. You will be picking up, for instance, North Island?

Admiral COOPER. Imperial Beach is going to close.

Mr. NICHOLAS. Imperial Beach?

Admiral COOPER. But the HELO squadrons that are there are going to move to North Island and also with the closure of the base at Quonset Point, the squadron will move from Quonset to South Weymouth, but we do not anticipate any military construction requirements at the present time to support this move.

Mr. SIKES. What value of facilities will be transferred to the Naval Reserve? How much should this reduce your deficit?

Admiral COOPER. At the present time there are no plans for the Naval Reserve to acquire any facilities vacated by the active forces.

PROGRAM JUSTIFICATION

Mr. SIKES. You are requesting several Reserve training buildings. Are these to replace existing training facilities, or are they additions to existing facilities?

Admiral COOPER. They are in all cases replacements.

Mr. SIKES. What will you do with the existing buildings?

Admiral COOPER. I will have to give you case by case because there are different situations. In some cases they are obsolete buildings, quonset huts, which are going to be struck and we will move——

Mr. SIKES. Why don't you give us the details for the record.

Admiral COOPER. Yes, sir.

[The information follows:]

Buildings at seven sites are actually being replaced by new construction. Specifically, the following action will be implemented with respect to the replaced buildings:

Dallas, Tex.—existing Navy owned building, located on land leased from city of Dallas will be demolished to restore site to its original condition.

Peoria, Ill.—existing building, located on Government land, will be declared excess to Naval Reserve requirements.

Evansville, Ind.—existing buildings, located on Government land, will be declared excess to Naval Reserve requirements.

Providence, R.I.—existing building will be demolished for new construction on the same site.

Brooklyn, N.Y.—existing building, owned by the New York Naval Militia, will revert to New York State.

Allentown, Pa.—the existing Navy owned building, located on Government land, will be declared excess to Naval Reserve requirements.

Austin, Tex.—the existing Navy owned building, located on land leased from the city of Austin, will be demolished to restore site to its original condition.

Mr. SIKES. What percentage of your facilities and the Marine Corps Reserve are of permanent construction?

Admiral COOPER. Very slightly in excess of 50 percent.

Mr. SIKES. At Brooklyn you are going to build berthing facilities. Where would you construct the new facilities? Are they to replace existing facilities or what is the situation?

Admiral COOPER. This is not building a new facility. There is a wharf there. What we are going to do is rehabilitate this wharf and then install what we call hotel services, that is, water, power, and steam, in order that the reserve destroyers that we expect to berth there will be able to go cold iron.

Mr. SIKES. You are requesting bachelor quarters at various locations. Are these for Reserve forces?

Admiral COOPER. Yes, sir, they are for Reserve forces for both the stationkeepers who are Reserves on active duty and for the drilling reservists who are there on weekends.

Mr. SIKES. They are not used at all by the Regular forces?

Admiral COOPER. Only in a transient status, sir, or where we might have a Regular who is in the active duty force as a part of the air station.

Mr. SIKES. Are you keeping abreast of the shore support requirements?

Admiral COOPER. We are keeping abreast of the requirements, yes, sir.

RESERVE CONSTRUCTION REQUIREMENTS

Mr. SIKES. How much money is needed to bring the Reserve facilities up to requirements?

Admiral COOPER. \$318.5 million.

Mr. SIKES. Do you have any plans for meeting those requirements?

Admiral COOPER. We have, of course, the OSD 10-year plan which in order to get back on it would take a total of \$39 million a year. I will have to say this: That we intend to try to get more money for the budgets in the future than we are getting right now. But we are not on the curve, Mr. Chairman.

Mr. SIKES. I think that is obvious from your testimony.

Good luck.

Mr. Davis?

NEW ORLEANS CONSOLIDATION

Mr. DAVIS. How are you establishing yourself down at New Orleans? You are in parts of three warehouses, did you say, down there?

Admiral COOPER. No, sir. There are three warehouses. We are only in one of them, but it is not the one that is going to be our ultimate headquarters. There are 43 people on board right now with an ultimate staff of 262. The remainder are still in Omaha and Glenview.

We have a time-phase plan whereby functions are moving from Glenview and Omaha and consolidating down in New Orleans. We will not have enough room to house everyone in the 601 building which we are in now, but by the first of the year we expect to be able to move into building 603 that is currently being rehabilitated.

Mr. DAVIS. Is this excess warehouse space that the Navy is making available to you or what is it?

Admiral COOPER. Yes, sir. Those buildings down there have been back and forth. They were built originally by the Army and now the Navy has custody of them.

The Army works out of them; in other words, the Army terminal men for New Orleans, where they handle a lot of traffic. The Selective Service has just moved out. There is available space in all three warehouses.

Mr. DAVIS. Are these substantial, permanent buildings?

Admiral COOPER. Yes, sir; reinforced concrete. They will be there well after I am dead and my grandchildren, too, I believe.

Mr. DAVIS. What source of funds are you using for the modification?

Admiral COOPER. For preparation we programed \$2.2 million from "Military construction, Naval Reserve," and this was fiscal year 1973 and earlier years' money, and in addition we also have programed \$400,000 from "Operations and maintenance, Naval Reserve" funds.

This takes care of both the Marines and the Navy modification. The 4th Marine Air Wing will also be moving down July 1 of next year.

Mr. DAVIS. When did that programing occur?

Admiral COOPER. John, do you know the exact date?

Captain PARSONS. I believe the submissions were in January.

Mr. DAVIS. What did you have to give up in order to do it?

Admiral COOPER. Well, let us see. We gave up a center in Anchorage, a center in Parkersburg, slowed down the repair apron at Glenview. Can you remember any of the other sources?

Captain PARSONS. In large measure that is it, Admiral. There was also a Winter Island reprogramming, too.

Mr. DAVIS. Those facilities are still in the requirement?

Admiral COOPER. Yes, sir, they are still in the requirement.

Mr. DAVIS. Do we have something for Glenview in here? Is the apron project in here which you referred to?

Captain PARSONS. Are you talking about 1974, Mr. Davis?

Mr. DAVIS. Yes.

Captain PARSONS. We don't have anything in here for Glenview this year.

Admiral COOPER. That is in 1975, it slipped.

Captain PARSONS. Yes, sir, it slipped because we had a reprogramming. We just let the hanger and apron there last month. The contract was awarded, but that was 1973. There is nothing there in 1974.

JOINT USE OF FACILITIES

Mr. DAVIS. In an installation where you are operating in conjunction with a regular Navy establishment, do you make use of messing facilities that are already there?

Admiral COOPER. Yes, sir, and berthing facilities if they are sufficient also, and hangars when the hangars are available.

In some cases we have to build additional hangars, such as Miramar.

ACTIVE DUTY RESERVISTS

Mr. SIKES. Will you clear up for the record your system whereby some of your personnel who serve as station complement are reservists on extended active duty. Is that the case?

Admiral COOPER. Yes, sir. This is our TAR program.

Mr. SIKES. And they are on duty for what period of time?

Admiral COOPER. Usually it is basically 20 years. These are our training and administrative Reserves and they basically have 20 years, not guaranteed by any stretch of the imagination but it is a 20-year program.

Mr. SIKES. Are they subject to reassignment as are other personnel?

Admiral COOPER. Yes, sir, they are. They are assigned by the Chief of Naval Personnel.

Mr. SIKES. Do they go to sea like the other personnel?

Admiral COOPER. Not as much, no, sir. If they do go to sea—and this is one of the things that we look forward to, is to increasing the amount of time that they are at sea. On the surface side of the house, TAR officers do have command of destroyers. They have command of a destroyer squadron also.

Five destroyer squadron commanders are all in this.

Mr. SIKES. They would appear to be getting the best of both worlds. Is that true?

Admiral ALTMANN. We had four of them that were prisoners of war. They are flying in the regular squadrons.

Admiral COOPER. In limited numbers. They don't get a reenlistment bonus.

Mr. SIKES. How do you select those who are to get the 20-year assignment?

Admiral ALTMANN. In this program it is usually people who come out of the regular Navy, who make a decision they are either going to get out of the Navy but yet they have a feeling they would like to stay in the military——

Mr. SIKES. Is there a basic time requirement?

Admiral ALTMANN. Yes. They could have been in, for instance, our 2-by-6 program, which is 2 years of active duty, a part of which may be spent at sea. They come back from that and they make a decision they don't want to go to sea any more and yet they like to stay in the Navy. They apply for the TAR program, which is a Reserve program. They are full-time active duty people who administer the Reserve program.

This is the enlisted. The same opportunity is given to officers; those officers who might not want to go to sea as frequently as in their prior service but like the military. Their wives don't want family separation, so they come into the TAR program.

Mr. SIKES. I would assume the number is quite limited.

Admiral ALTMANN. It is.

Admiral COOPER. Well, it is over 10,000 for fiscal year 1974.

Mr. SIKES. That is still limited.

Admiral COOPER. Yes, sir.

Mr. SIKES. So I would also assume that you have many more applicants than you have spaces.

Admiral ALTMANN. Not really.

Mr. SIKES. What is it they lose by going into this program? I can see the advantages. What do they lose?

Admiral ALTMANN. The enlisted man, for instance, is not eligible for any bonus. He is eligible for a limited number of schools. The officer up until about 2 years ago could go to none of the service schools. It was a 20-year program. It was a 20-year program for the officers and 20-year program for the enlisted. We have, for instance, some top grade chief petty Officers who would like to stay the 30 years. They can't do it in the TAR program. If they decide they want to go to 30 years they have to come back into the regular program.

Mr. SIKES. There is a 20-year limitation?

Admiral ALTMANN. Yes.

Mr. SIKES. Is it one enlistment?

Admiral ALTMANN. Oh, no; they enlist just ——

Mr. SIKES. Four-by-ten?

Admiral ALTMANN. No; they will enlist for 2 years, 4 years, just like anybody in the regular Navy.

Mr. SIKES. Mr. Davis.

Mr. DAVIS. These in effect are all administrative personnel then are they?

Admiral ALTMANN. Well, they are administrative. They do have operational experience. They are in our squadrons as officers in charge

Admiral COOPER. Incidentally, Admiral Altmann is a TAR.

Admiral ALTMANN. I am a TAR. They do have an operational background and they are, as I say, officers in charge of our squadrons. We have 46 squadrons and we have various allowances depending on the size of the squadron. Many officers enlisted in the TAR program are part of the nucleus of those squadrons.

Mr. SIKES. How long have you been in the program?

Admiral ALTMANN. I have only been in the program about 11 years. I had been in the regular program before that. It wasn't that I didn't like to go to sea. I like to go to sea. It is just that I waited too long to request to go regular and I was also too senior.

Mr. SIKES. From the ribbons you wear, the decorations and the service ribbons, it would appear that you have been a very busy man.

Admiral ALTMANN. I have. Thank you, sir.

Mr. SIKES. Did you get most of these as a TAR?

Admiral ALTMANN. No; when I got those ribbons I was a straight Reserve, the same as our selected reservists.

Mr. SIKES. But presumably a TAR would have the same opportunity to gain decorations?

Admiral ALTMANN. Oh, yes. We had a lot of Reserves in particular in the aviation line in Korea, for instance. I think Admiral Cooper can talk more about that.

Admiral COOPER. I commanded a Reserve squadron. In fact we had Reserve air groups that were brought in for squadrons from various localities, New Orleans, Dallas, Floyd Bennett, and then after their first tour they still kept the nucleus of the Reserves and filled them out with Regulars.

RESERVES IN COMBAT

Mr. SIKES. Could you provide for the record the contributions of the Navy and Marine Reserves in Korea and Vietnam? Also a statement on policy with regard to their future use.

[The information follows:]

NAVAL RESERVE

	Number recalled		
	Officers	Enlisted	Total
Korean conflict:			
Air squadrons.....	4,252	11,075	15,327
Surface units.....	6,962	108,068	115,030
Other than units.....	29,050	114,601	143,651
Total recalled ¹	40,264	233,744	274,008
Vietnam conflict units recalled:			
Mobile Construction Battalion 12.....	21	525	546
Mobile Construction Battalion 22.....	23	506	529
Total.....	44	1,031	1,075

¹ Recalls began July 19, 1950.

Dated recalled: May 13, 1968.

Duration in United States: MCB 12, May to August 1968. MCB 22, May to July 1968.

Duration overseas: MCB 12, September 1968 to April 1969. MCB 22, August 1968, to March 1969.

Date deactivated: MCB 12, May 14, 1969. MCB 22, March 28, 1969.

MARINE CORPS RESERVE

KOREAN CONFLICT

Mobilization began July 20, 1950. By August 4, 1950, the entire ground Marine Corps Organized Reserve had been mobilized. By April 1, 1951, 85,531 Marine Corps Reservists were on active duty. Included in this number were personnel from 32 aviation units called to active duty. Five of these units were aviation squadrons which remained on active duty after the end of the Korean conflict and are in the current Active Force.

VIETNAM CONFLICT

While some Marine Corps Reserve personnel may have volunteered for active duty during the period of involvement of U.S. Forces in the Vietnam combat operations, no Marine Corps Reserve personnel were ordered to active duty involuntarily during such period, except for those ordered to active duty or active duty for training because of failure to perform satisfactorily in reserve training (10 U.S.C. 673a. or 270b.).

TAR PROGRAM

Mr. DAVIS. What is TAR? Temporary Active Reserve?

Admiral ALTMAN. Training and administration Reserve.

It is a program that has been in effect since the end of World War II.

Admiral COOPER. It is interesting that we have the group 9 aviation ratings. On our surface side we only have yeomen, personnel men, and storekeepers. In other words, we have no machinists mates, boiler-tenders, or enginemen.

Mr. DAVIS. Are these people paid out of Reserve funds?

Admiral COOPER. MPN with the exception of new 251 billets that are designated by OSD which if Congress does authorize these 251 billets will be funded out of RPN funds.

Mr. DAVIS. That is all, Mr. Chairman.

Mr. SIKES. Mr. Patten.

NEW IDEAS INCORPORATED

Mr. PATTEN. One of our proud possessions is the Naval Reserve building in my hometown of Perth Amboy, N.J. It is of new vintage. Has it lived up to your hopes?

You had some new ideas incorporated in it, I understand, as a facility.

Commander KLEIN. Yes, sir; this is one of the newer buildings that we first put into our ship operational trainer and it has met our expectations. A new one will be slightly reconfigured under our new criteria but this certainly is one of our better Reserve units, plus we have a ship there.

Mr. PATTEN. I have no further questions.

Mr. SIKES. Dr. Long.

Mr. LONG. No questions.

Mr. SIKES. All right.

Thank you very much, gentlemen.

Admiral COOPER. Thank you, sir.

FRIDAY, JULY 20, 1973.

MILITARY CONSTRUCTION, DEFENSE AGENCIES

WITNESSES

ALLEN D. SOUTH, DIRECTOR FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, COMPTROLLER

JOHN N. GAARDSMOE, DIRECTORATE FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, COMPTROLLER

EARL L. EAGLES, DIRECTOR FOR LOGISTICS, DEFENSE NUCLEAR AGENCY

DARRIE H. RICHARDS, MAJOR GENERAL, U.S. ARMY, DEPUTY DIRECTOR, DEFENSE SUPPLY AGENCY

THOMAS B. WOOD, BRIGADIER GENERAL, U.S. AIR FORCE, CHIEF OF INSTALLATIONS AND LOGISTICS, NATIONAL SECURITY AGENCY

Mr. McKay. We will bring the committee to order to discuss "Military construction, Defense agencies." Insert the financial sheets and pages 1 through 5 in the record.

[The pages follow:]

MILITARY CONSTRUCTION, DEFENSE AGENCIES

[In thousands of dollars]

	Budget plan (amounts for construction actions programed)			Obligations		
	1972 actual	1973 estimate	1974 estimate	1972 actual	1973 estimate	1974 estimate
Program and financing:						
Program by activities:						
1. Major construction.....	9,939	41,421	47,100	12,954	34,055	48,300
2. Minor construction.....	457	800	1,000	696	1,200	1,200
3. Planning.....	1,085	2,900	1,000	870	2,100	2,200
4. Supporting activities.....	200			156	45	
Total.....	11,681	45,121	49,100	14,676	37,400	51,700
Financing:						
Unobligated balance available, start of year:						
For completion of prior year budget plans.....				-13,476	-8,024	-15,745
Available to finance new budget plans.....	-46,571	-38,417	-30,000	-46,571	-38,417	-30,000
Reprogramming from prior year budget plans.....	-2,457					
Unobligated balance transferred to other accounts.....	13,069			13,069		
Unobligated balance available, end of year:						
For completion of prior year budget plans.....				8,024	15,745	13,145
Available to finance subsequent year budget plans.....	38,417	30,000		38,417	30,000	
Budget authority.....	14,139	36,704	19,100	14,139	36,704	19,100
Budget authority:						
Appropriation.....	14,801	36,704	19,100	14,801	36,704	19,100
Transferred to other accounts.....	-662			-662		
Appropriation (adjusted).....	14,139	36,704	19,100	14,139	36,704	19,100
Relation of obligations to outlays:						
Obligations incurred, net.....				14,676	37,400	51,700
Obligated balance, start of year.....				21,465	24,682	42,082
Obligated balance, end of year.....				-24,682	-42,082	-59,782
Outlays.....				11,459	20,000	34,000

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1972 actual	1973 estimate	1974 estimate
Other services.....	10,355	12,593	8,944
Lands and structures.....	4,321	24,807	42,756
Total obligations.....	14,676	37,400	51,700

*Summary of Defense agencies, proposed fiscal year 1974 military construction program**Agency*

Defense Nuclear Agency.....	\$574,000
Defense Supply Agency.....	8,370,000
Number Security Agency.....	8,156,000
Emergency construction.....	30,000,000
Planning.....	1,000,000
Minor construction.....	1,000,000
Total program.....	49,100,000
Unobligated balance available to finance fiscal year 1974 program.....	30,000,000
Budget authority (appropriation) requested.....	19,100,000

*Index to project justifications by installation and project for defense agencies, fiscal year 1974 military construction appropriation program**Installation and project*

Section 401:

Inside the United States:

Defense Nuclear Agency:

Kirtland Air Force Base, N. Mex.: ARES support building.....	\$374,000
Atomic Energy Commission Test Site, Nevada: DNA Administration Building.....	200,000

Defense Nuclear Agency total.....	574,000
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Defense supply Agency:

Defense Construction Supply Center, Columbus, Ohio.....	1,188,000
Improve electrical distribution system.....	(967,000)
Truck entrance and control facility.....	(221,000)
Defense Depot, Mechanicsburg, Pa.....	2,048,000
Medical materiel climatic controlled storage.....	(340,000)
Upgrade restroom and lunchroom facilities.....	(550,000)
Troop subsistence support facility.....	(1,158,000)
Defense Depot, Memphis, Tenn.	
Ventilation of warehouses.....	360,000
Defense Depot, Ogden, Utah:	
Upgrade restroom facilities.....	250,000
Defense Depot, Tracy Annex, Stockton, Calif.....	747,000
Operational equipment maintenance facility.....	(360,000)
Fire station.....	(137,000)
Improve and modernize water system.....	(250,000)
Defense General Supply Center, Richmond, Va.....	2,653,000
Photographic materiel storage facility.....	(250,000)
Defense Fuel Supply Center.....	(2,403,000)
Defense Logistics Services Center, Battle Creek, Mich.	
Parking lot.....	160,000
Defense Personnel Support Center, Philadelphia, Pa.	
Quality control laboratory improvements.....	560,000
Defense Contract Administration Regional Office, Chicago, Ill.	
Facility improvements.....	404,000
Defense Supply Agency total.....	8,370,000

Index to project justification by installation and project for defense agencies, fiscal year 1974 military construction appropriation program—Continued

Installation and project

Section 401—Continued

National Security Agency:

Fort George G. Meade, Md.....	\$8, 156, 000
Relocation of shop facilities.....	(742, 000)
Logistics support facility.....	(3, 529, 000)
Modernization of bachelor enlisted quarters.....	(1, 945, 000)
Automated waste collection system.....	(1, 940, 000)

National Security Agency total.....	8, 156, 000
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Defense agencies subtotal (inside the United States).....	17, 100, 000
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Department of Defense emergency construction:

Various locations.....	30, 000, 000
Planning.....	1, 000, 000
Minor construction.....	1, 000, 000

Total program.....	49, 100, 000
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Unobligated balance available to finance fiscal year 1974 program.....	30, 000, 000
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Budget authority (appropriation) requested.....	19, 100, 000
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Mr. McKAY. Mr. South, do you want to read your statement or place it in the record?

Mr. SOUTH. Whichever you prefer.

Mr. McKAY. We will place it in the record then.

[The statement follows:]

STATEMENT OF ALLEN D. SOUTH, DIRECTOR FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

Mr. Chairman and members of the committee:

I appreciate the opportunity to meet with you in support of the military construction, Defense Agencies appropriation request. This appropriation, which was established in fiscal year 1963, consolidates under one account the major construction, minor construction, planning, and supporting activities of the Defense Agencies, and emergency construction funds for use by the Secretary of Defense. Our total program for fiscal year 1974 is \$49,100,000, for which we are requesting an appropriation of \$19,100,000. The balance of this program, \$30 million, would be financed from unobligated funds appropriated in prior years for emergency construction.

I will provide at this point a brief summary of our proposed program. Representatives from each of the Agencies having items in this request are here with me to discuss the detail of their respective programs. I also have with me a member of my staff who is prepared to discuss our requirements for emergency construction, minor construction and planning.

Defense Nuclear Agency: \$574,000.

This would provide funds for two projects, a research support facility at Kirtland Air Force Base, N. Mex., and an administration building to house the Defense Nuclear Agency engineering and logistics staff at the Nevada test site of the Atomic Energy Commission.

Defense Supply Agency: \$8,370,000.

This request covers 15 projects at 9 installations. These are primarily additions and improvements required to upgrade operational capability and efficiency at various centers and depots, and in certain cases to overcome habitability shortcomings, including health and safety hazards.

I would like to make special mention, Mr. Chairman, of one project which may be of particular interest to this committee in view of its past concern about

relocating military activities away from the National Capital region. This is a \$2.4 million office building at the Defense General Supply Center, Richmond, Va., which would provide space needed to accommodate the proposed relocation of the Defense Fuel Supply Center and approximately 325 personnel from Cameron Station in Alexandria to Richmond.

National Security Agency: \$8,156,000.

These funds would provide for four projects at Fort Meade, Md.: Relocation of shop facilities, a logistics support facility, modernization of bachelor enlisted quarters, and an automated waste collection system.

Emergency construction: \$30 million.

Our fiscal year 1974 program reflects a projected requirement of \$30 million for construction of facilities determined by the Secretary of defense to be vital to the security of the United States. We are not requesting any funds for this year's emergency construction program since funds available from prior years are considered adequate to finance fiscal year 1974 requirements.

Planning: \$1 million.

Minor construction: \$1 million.

This year's program contains a request for \$1 million each to cover the planning and minor construction requirements of the Agencies, which is approximately the same level as funded in prior years.

Mr. Chairman, this completes my statement. As I mentioned earlier, representatives of the Defense Agencies and my staff are prepared to go into the detail supporting the aforementioned requirements to the extent that you and the committee desire.

DEFENSE NUCLEAR AGENCY

WITNESSES

EARL L. EAGLES, DIRECTOR FOR LOGISTICS

**PETER H. HAAS, SCIENTIFIC ASSISTANT TO DEPUTY DIRECTOR
(SCIENCE AND TECHNOLOGY)**

DELWIN P. LAGUENS, BUDGET OFFICER

Mr. McKAY. We will turn to the Defense Nuclear Agency. We will put the general statement of Mr. Eagles in the record.

[The statement follows:]

STATEMENT BY EARL EAGLES, DEFENSE NUCLEAR AGENCY

Mr. Chairman: I am Earl L. Eagles, Director for Logistics, Defense Nuclear Agency. I am pleased to appear before this committee to present that Agency's fiscal year 1974 military construction.

For our fiscal year 1974 program, we request \$574,000 for two projects as follows:

At Kirtland Air Force Base, Albuquerque, N. Mex.:	
ARES support building-----	\$374, 000
At Atomic Energy Commission, Nevada test site, Las Vegas, Nev.:	
DNA administration building-----	200, 000
Total request-----	574, 000

The DNA advanced research electromagnetic pulse simulator (ARES) has the capability to produce electromagnetic pulses similar to those resulting from nuclear explosions. This permits testing of the vulnerability of strategic weapons systems and their components. This project provides an equipment and instrument checkout laboratory, data processing and administrative space needed for efficient operation of the ARES facility. The activities to be housed in this building are currently carried on in corridors, trailers and improvised space which results in increased security problems, loss of data due to poor shielding and overcrowded conditions.

The Atomic Energy Commission and the Department of Defense carry out an extensive underground test program at the Nevada Test Site. This underground testing program was implemented as one of the safeguards imposed for our national

security subsequent to ratification of the Limited Test Ban Treaty. A DNA administration building is required at the Nevada Test Site to replace six small quonset huts which have outlived their usefulness and provide substandard accommodations with inadequate latrine and water facilities as well as security and interoffice communication problems created by the functional division of the space into small isolated parcels. The standard of accommodations provided by these DOD buildings is below that provided other activities at the Test Site.

I am prepared to discuss any of the above projects, if you desire.

KIRTLAND AIR FORCE BASE, N. MEX.

Mr. McKAY. Turn to Kirtland Air Force Base. Insert page 6 in the record.

[The page follows:]

1. DATE 8 Jan 73		2. DEPARTMENT Defense DNA		FY 19 74 MILITARY CONSTRUCTION PROGRAM		3. INSTALLATION Kirtland Air Force Base																																									
4. COMMAND OR MANAGEMENT BUREAU Department of the Air Force				5. INSTALLATION CONTROL NUMBER 32755		6. STATE/COUNTRY New Mexico																																									
7. STATUS Active				8. YEAR OF INITIAL OCCUPANCY 1941		9. COUNTY (U.S.) Bernalillo																																									
						10. NEAREST CITY Albuquerque																																									
11. MISSION OR MAJOR FUNCTIONS The Advanced Research Electromagnetic Pulse Simulator (ARES) facility provides the capability to simulate the electromagnetic pulse resulting from a nuclear explosion for the purpose of testing the vulnerability of strategic weapons systems and their components. NOTES: Item #12. *Personnel in support of test programs. These figures will vary + 20% depending upon the test being conducted. Item #13. **The ARES facility is a tenant on Kirtland Air Force Base.				12. PERSONNEL STRENGTH																																											
				<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">PERMANENT</th> <th colspan="2">STUDENTS</th> <th colspan="3">SUPPORTED *</th> <th rowspan="2">TOTAL</th> </tr> <tr> <th>OFFICER (1)</th> <th>ENLISTED (2)</th> <th>CIVILIAN (3)</th> <th>OFFICER (4)</th> <th>ENLISTED (5)</th> <th>OFFICER (6)</th> <th>ENLISTED (7)</th> <th>CIVILIAN (8)</th> </tr> </thead> <tbody> <tr> <td>a. AS OF 30 Jun 72</td> <td>2</td> <td>5</td> <td>34</td> <td></td> <td></td> <td>2</td> <td></td> <td>75</td> <td>118</td> </tr> <tr> <td>b. PLANNED (End FY 73)</td> <td>2</td> <td>8</td> <td>34</td> <td></td> <td></td> <td>2</td> <td></td> <td>75</td> <td>121</td> </tr> </tbody> </table>					PERMANENT			STUDENTS		SUPPORTED *			TOTAL	OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	OFFICER (6)	ENLISTED (7)	CIVILIAN (8)	a. AS OF 30 Jun 72	2	5	34			2		75	118	b. PLANNED (End FY 73)	2	8	34			2		75	121		
	PERMANENT			STUDENTS		SUPPORTED *			TOTAL																																						
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14. SUMMARY OF INSTALLATION PROJECTS																																															
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CATEGORY CODE NO. a	PROJECT TITLE b	TENANT COMMAND c	UNIT OF MEASURE d	SCOPE e	ESTIMATED COST (\$000) f	SCOPE g	ESTIMATED COST (\$000) h																																								
310	ARES Support Building	DNA	SF	8640	374	8640	374																																								

Mr. McKAY. The request is for \$374,000 for an ARES support building. Do you already have the facilities required to simulate electromagnetic pulses? When and how were they built?

Mr. EAGLES. Yes; the ARES facility was built by the Defense Nuclear Agency to simulate the high altitude electromagnetic pulse. Construction took place over the period from 1968 to 1970, utilizing fiscal year 1968, 1969, and 1970, R.D.T. & E. funds.

Mr. LONG. What functions will you house in the facility you are requesting?

Mr. EAGLES. The functions and space breakout are as follows:

	<i>Square feet</i>
1. Weapons lab and test agency space.....	5, 285
2. Data collection and processing.....	1, 440
3. Administrative space.....	1, 028
4. Halls, restrooms, utility and mechanical.....	887

For a total of..... 8, 640

Mr. LONG. Is there no available facility at Kirtland which can be modified for these functions?

Mr. EAGLES. The ARES is relatively remote to any existing structures which might be suitable for use. Support functions are presently located in trailers on site. This proximity is necessary for timely coordination and response. Quick access to all data and personnel is required to efficiently conduct test operations. Data from each shot must be analyzed and evaluated before the next shot is performed. Delays due to coordination problems add to testing time and escalate the cost.

EMP TESTING

Mr. LONG. Please discuss the relationship of this activity to the EMP testing to be done on the new 747 aircraft.

Mr. EAGLES. It is assumed that the question on the 747 aircraft refers to the Advanced Airborne National Command Post. ARES has no relationship to the EMP testing to be done on the new 747 aircraft. ARES was designed to test strategic missile systems and small strategic aircraft. It is not large enough to accommodate aircraft the size of the 747. The Air Force is constructing Trestle, an EMP simulator specifically designed to be capable of testing large aircraft such as the 747. It will be located in close proximity to ARES.

Mr. LONG. Any questions?

Mr. McKAY. Is this the unit we discussed earlier in connection with two command aircraft stationed at Andrews, or would this be a facility other than the one I mentioned?

Mr. EAGLES. Yes, sir.

Mr. McKAY. Is this a maintenance or testing operation that would support this other thing I am talking about?

Mr. EAGLES. No, sir.

Mr. McKAY. Something entirely different?

Mr. EAGLES. This bears no relationship to it.

Mr. McKAY. You mean we are going into 747's in a big way?

Mr. EAGLES. That is an Air Force project and has no relation to this. I have a scientist back here who can answer our part but not the part of the Air Force.

Mr. McKAY. Wasn't the 747 the one that was to be this big command ship?

Mr. NICHOLAS. Yes, sir.

Mr. McKAY. Are we preparing a fleet of those, or is this just a test project?

Mr. SIKES. I suggest you call in the backup witness.

Mr. HAAS. The ARES facility, sir, was constructed some years ago, and it is entirely used and has been used for the testing of strategic missiles. The Minuteman, the Poseidon, the Sprint, the Spartan have been tested in it, and it is now being modified for the test of the FB-111 and future spacecraft. We are specifically going to test satellites in future years. It is not big enough to accommodate anything as large as the 747 aircraft. It is for that reason that the Air Force is going to construct the Trestle facility which will be located about a half a mile away from the ARES facility.

Mr. McKAY. Do you feel there will be enough need in the Air Force to test 747's?

Mr. HAAS. I can't comment on that because that is an Air Force program. However, it is my understanding that there are sufficient test requirements for the Trestle facility within the Air Force.

Mr. SIKES. What would be the cost?

Mr. HAAS. Of the Trestle facility?

Mr. SIKES. Yes.

Mr. HAAS. I don't know, sir.

Mr. SIKES. We better have a witness who is qualified to give the answers. It would seem a little difficult to understand the justification for building a facility for one or two of the airborne command type when there are a series of many existing facilities which could handle the test. We had better have a qualified witness on that. Supply information that is available for the record.

[The information follows:]

The following statement was given by Brig. Gen. Benton K. Partin, USAF: The Air Force is developing and acquiring a test facility, Trestle, which will provide the capability to test and evaluate the effects of a threat level electromagnetic pulse (EMP) on aeronautical systems in simulated flight conditions. This pulse may be either vertically or horizontally polarized and would be similar to that occurring after a high altitude nuclear detonation. The strategic aeronautical systems to undergo survivability/vulnerability testing using the Trestle are the advanced airborne command post (AABNCP), B-1, airborne warning and control system (AWACS), EC-135, and B-52..

There are no other existing or planned facilities which can accommodate such large aircraft and provide the required threat level simulation.

A DD form 1391, military construction project data, dated September 5, 1972, was submitted by the Air Force to the appropriate congressional committees. Based on the fiscal year 1973 appropriations bill, the Air Force has proceeded to award a contract to McDonnell Douglas Astronautics for the design and fabrication of the Trestle facility. The approved R.D.T. & E. funding for the Trestle program is \$25.5 million. The Trestle initial operational capability is January 1976.

ATOMIC ENERGY COMMISSION NEVADA TEST SITE, NEV.

Mr. LONG. Turn to Atomic Energy Commission Nevada Test Site. Insert page 10 in the record.

[The page follows:]

1. DATE 8 Jan 73		2. DEPARTMENT Defense DNA		FY 1974 MILITARY CONSTRUCTION PROGRAM			3. INSTALLATION Atomic Energy Commission Nevada Test Site								
4. COMMAND OR MANAGEMENT BUREAU Atomic Energy Commission				5. INSTALLATION CONTROL NUMBER 32755		6. STATE/COUNTRY Nevada									
7. STATUS Active				8. YEAR OF INITIAL OCCUPANCY 1951		9. COUNTY (U.S.) Nye		10. NEAREST CITY Las Vegas							
11. MISSION OR MAJOR FUNCTIONS The mission of the Defense Nuclear Agency at the Nevada Test Site is to conduct tests on the effects of nuclear weapons in the support of the national defense effort. The Nevada Test Site was originally an atmospheric test site and since 1963 has been the focus of underground testing program implemented as one of the safeguards to national security upon ratification of the Treaty Banning Nuclear Weapons Tests in the Atmosphere, in Outer Space and Underwater. NOTES: Item #12. *Personnel strength represents DNA supported only. Item #13. **Real property inventory held by Atomic Energy Commission.				12. PERSONNEL STRENGTH*			PERMANENT		STUDENTS		SUPPORTED		TOTAL (9)		
							OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	OFFICER (6)		ENLISTED (7)	CIVILIAN (8)
				a. AS OF 30 Jun 72			11	37	5			7	2	31	93
				b. PLANNED (END FY 73)			11	37	5			14	4	50	121
				13. INVENTORY **1											
LAND			ACRES (1)		LAND COST (\$000) (2)		IMPROVEMENT (\$000) (3)		TOTAL (\$000) (4)						
a. OWNED			NA		NA		955		955						
b. LEASES AND EASEMENTS			0		0		0		0						
c. INVENTORY TOTAL (Except land rent) AS OF 30 JUNE 19 72									955						
d. AUTHORIZATION NOT YET IN INVENTORY									0						
e. AUTHORIZATION REQUESTED IN THIS PROGRAM									200						
f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS									0						
g. GRAND TOTAL (c + d + e + f)									1,155						
14. SUMMARY OF INSTALLATION PROJECTS															
PROJECT DESIGNATION		TENANT COMMAND		UNIT OF MEASURE		AUTHORIZATION PROGRAM		FUNDING PROGRAM							
CATEGORY CODE NO. a	PROJECT TITLE b	c	d	e	f	g	h								
310	DNA Administration Building	DNA	SF	6200	200	6200	200								

Mr. LONG. You are requesting \$200,000 for a DNA administration building. In view of recent treaties, do you envision a long-term requirement for facilities at this site?

Mr. EAGLES. We believe the new building will far more than pay for itself. DOD nuclear testing is not declining, and our use of NTS for nonnuclear explosive testing is increasing. For example, we are currently planning three underground tests per year in fiscal years 1974 and 1975, vice the normal level of two in fiscal years 1972 and 1973. We are using NTS for an increasing number of high explosive tests, both to develop methods of simulating nuclear explosions as well as for providing an air blast and ground shock environment for target response determination. It is planned that various components of strategic and tactical weapons systems, including both scaled prototypes and full-scale elements will be exposed to detonations from as large as 500 tons of high explosive during either fiscal years 1975 or 1976. Such tests provide effects comparable to low yield 1 to 2 kiloton nuclear explosions. The military services have expressed requirements for such tests to be held every 2 to 3 years on a continuing basis to proof test new systems or confirm theoretical studies of survivability. Such tests will not be affected by current SALT discussions or a comprehensive test ban treaty. In addition to these large events, there will be a considerable number of smaller tests conducted annually, ranging in size from 1,000 pounds to 100 tons, which will simulate various aspects of nuclear cratering and ground motion, to include structural response of underground targets.

Mr. LONG. What other structures at the site were considered in lieu of this project, and why were they rejected?

Mr. EAGLES. There are about 30 World War II type Quonset huts in the DOD compound at Camp Mercury. These buildings are between 20-25 years old and require continual maintenance. In addition, the field command staff and project officers are scattered in small numbers over a considerable area. The proposed administrative building will replace six of these Quonset huts and consolidate DOD personnel in one building, thereby promoting better efficiency. Other buildings considered are located at some distance away and were in worse shape than those proposed for replacement. All of the other buildings in the immediate vicinity are dormitories, including some semipermanent trailers.

Mr. LONG. Are there questions?

DEFENSE SUPPLY AGENCY

WITNESSES

DARRIE H. RICHARDS, MAJOR GENERAL, U.S. ARMY, DEPUTY DIRECTOR, DEFENSE SUPPLY AGENCY

JAMES J. HEYMAN, COLONEL, U.S. ARMY, CHIEF, INSTALLATIONS DIVISION, INSTALLATIONS AND SERVICES, DEFENSE SUPPLY AGENCY

Mr. LONG. We will turn to the Defense Supply Agency and insert General Richards' biography in the record.

[The biography follows:]

MAJ. GEN. DARRIE H. RICHARDS, DEPUTY DIRECTOR OF DSA

Born in Washington, D.C., General Richards was graduated from the U.S. Military Academy at West Point, N.Y., in 1943 and was commissioned a second

lieutenant in the Corps of Engineers. During World War II he served with combat engineer units in the European Theater of Operations.

After V-E Day General Richards returned to the United States to attend the Command and General Staff School, followed by an assignment on the War Department General Staff. He served as a staff officer in the Operations Division and also as a member of a small group directed by General of the Army George C. Marshall to research and analyze operations of the Chief of Staff's Command Post during World War II.

General Richards next attended Princeton University where, in 1949, he was awarded a degree of master of science in engineering. An assignment followed with the Army's Inter-American Geodetic Survey (IAGS), which was engaged in extensive surveying and mapping operations throughout Latin America. General Richards served first in the Canal Zone and later in Mexico where he activated and directed operations until 1953.

In, 1955 General Richards transferred to the Transportation Corps and subsequently received numerous operational and staff assignments in CONUS and the Pacific Theater, including attendance in 1959 at the Armed Forces Staff College.

After another overseas tour, this time in Korea with the Logistical Command, General Richards attended the Industrial College of the Armed Forces, graduating in 1962. He was next assigned to the Army Staff in the Office of the Deputy Chief of Staff for Logistics. In the summer of 1966 he was transferred to the 7th Army in Germany to command the 1st Support Brigade. The brigade of over 6,000 personnel provided general logistic support for the field army, as well as direct support for the units operating behind the corps.

After selection for brigadier general, he became the Assistant Deputy Chief of Staff for Logistics for the U.S. Army, Europe, and 7th Army. Early in 1968 General Richards was transferred directly to Vietnam to assume command of the Qui Nhon Support Command, providing logistic backup for about 90,000 U.S. and free world military forces. His more recent assignments have been as Commander, Western Area MTMTS, with headquarters at Oakland Army Base, and as the Army's Assistant Deputy Chief of Staff for Logistics.

General Richards has received numerous U.S. and foreign decorations, including the Army Distinguished Service Medal.

He and his family make their home in Alexandria, Va.

Mr. LONG. Now we will hear General Richards' statement.
General Richards.

STATEMENT OF DEPUTY DIRECTOR, DEFENSE SUPPLY AGENCY

I am appearing today in support of the Agency's fiscal year 1974 military construction program to request approval of 15 projects for 9 Defense Supply Agency installations at a total cost of \$8,370,000. I will now highlight the urgency of the various line items.

Two of the projects are at Columbus, Ohio. One of them—on page 15—provides for the conversion and improvement of an unsafe sub-standard primary electrical distribution system. Approval of this project will alleviate prevailing hazardous conditions and insure the continuity of essential supply center operations.

The other project—on page 16—at Columbus provides for the construction of a new truck entrance and control facility. The existing truck entrance, located in an urban sector of the community, creates traffic congestion and presents safety hazards. Execution of this project is in consonance with road and highway developments being performed by the city of Whitehall and the Federal Highway Administration and will resolve traffic problems and improve safety.

Three of the projects are at Mechanicsburg, Pa. The first of these—on page 18—provides for a controlled temperature facility for medical materiel storage. Medical materiel requiring chill and freeze facilities is presently stored in 16 reefer-type units located in 3 buildings. The

current operation involving medical stock necessitates manhandling and therefore is costly and inefficient. Approval of this project will facilitate operational efficiency through the use of forklifts and consolidation of location.

The second project—on page 19—at Mechanicsburg, provides for the upgrading of restroom and lunchroom facilities. Present facilities, constructed during World War II, do not meet present health and quality standards. Approval of this project is needed to improve morale and working conditions for 1,050 employees in 23 buildings.

The third project—on page 20—at Mechanicsburg provides for facility expansion to accommodate the increased mission and workload assigned to defense depot Mechanicsburg for overseas direct troop subsistence and commissary support. Approval of this project will permit consolidation and mechanization of operations under one roof and result in savings that will amortize the project in less than 4 years.

Next is a project—on page 22—which provides for the ventilation of six warehouses at Memphis, Tenn. Approximately 600 personnel employed in these warehouses are being subjected to noxious fumes from MHE and other equipment due to inadequate ventilation. This project is to eliminate an environmental health hazard, improve the morale of 600 people and increase operational efficiency and effectiveness.

The next project—on page 24—provides for upgrading of restroom facilities at Ogden, Utah. Existing facilities constructed during World War II have become substandard. In addition, building use changes and the gradual increasing employment of women have generated additional facility requirements. Approval of this project will result in the modernization of 20 restrooms and the construction of 11 additional units for the benefit of 3,200 men and women employees.

There are three projects at Tracy, Calif. The first—on page 26—provides for construction of an operational equipment maintenance facility. Equipment maintenance is presently performed in six buildings, five of which are temporary structures, unsafe and deteriorated beyond economic repair. Approval of this project will improve maintenance operations, eliminate excessive costs, improve safety, and consolidate the maintenance functions into two buildings.

The second project at Tracy—on page 27—provides for the replacement of an inadequate fire station. The present fire station is housed in a temporary wood frame building constructed in 1943. This building is structurally unsound and is beyond economical repair. This project is to provide an efficiently designed facility and eliminate the need for continually maintaining an obsolete, deteriorated, unsafe structure.

The third project—on page 28—at Tracy provides for improvement of existing water and sewage facilities. Present systems are deficient to the extent that potential health hazards exist and continued uninterrupted service is questionable. Approval of this project will correct deficiencies, eliminate health hazards and restore water and sewage system reliability.

The first of two projects—on page 30—at Richmond, Va., provides for a photographic materiel storage facility. Currently, the photographic storage mission is being performed in an unreliable, obsolete

cold storage plant located 15 miles from the supply center. Approval of this project will provide for a modern refrigerated facility at the supply center, insure continued mission capability, avoid \$100,000 repair expenditures, reduce operating costs by \$85,000 annually, and result in project amortization within 2 years.

The other project—on page 31—at Richmond provides for construction of office space to house the Defense Fuel Supply Center, presently located at Cameron Station, Alexandria, Va. The operations of this activity are such that location within the National Capital region is not required. Approval of this project will provide a new facility for the Defense Fuel Supply Center and permit DSA to comply with the Department of Defense plan to reduce activities in the National Capital region.

There is a project—on page 33—which provides for improvement of a parking lot at Battle Creek, Mich. The existing condition of this parking lot, which is utilized on a 24-hour, 7-day-per-week basis, is totally substandard, hazardous and subjected to numerous incidents of theft and vandalism. Approval of this project will permit the upgrading of an existing facility for approximately 390 vehicles, reduce vandalism and theft, improve the safety and morale of men and women employees, and permit full utilization of the parking lot during inclement weather.

There is also a project—on page 35—to provide for quality control laboratory improvements at Philadelphia, Pa. At present, approximately 85 personnel are required to perform laboratory tests on clothing and textiles under adverse environmental conditions, in a poorly lighted, inadequately ventilated, facility. Approval of this project will provide for the installation of proper climatic controls, new lighting, and a freight elevator to insure a safe and efficient work environment.

The last project—on page 37—provides for improvement of office and restroom facilities in Chicago, Ill. At present, defense contract administration personnel are required to perform office type functions in an inadequately lighted and ventilated facility. Approval of this project will permit the renovation of restrooms, provide for additional air-conditioning and other building alterations to upgrade working conditions, and improve the morale of 750 personnel.

BASE CLOSURE IMPACT

Mr. LONG. To what extent have any of your activities been affected by the recently announced base closure actions?

General RICHARDS. None of the Defense Supply Agency activities were directly involved in the recent base closure. We, of course, have secondary impacts of which I would be glad to provide the details for the record.

Mr. LONG. What savings and costs will be generated?

General RICHARDS. If I may, I would like to provide that for the record because these are related to projects which are primarily those of the services.

Mr. LONG. What additional construction will be required, or will not be required, as a result of these base closure actions?

General RICHARDS. To my knowledge, there are no major construction projects which will be required as a result of any of these base closure actions.

Mr. LONG. How far down the road are you looking? I often have an uneasy feeling the bad news comes along a little later.

General RICHARDS. To give you a specific example, the Army is closing Atlanta General Depot and we have quite a few stocks in Atlanta. We also have certain maintenance that is done at Atlanta. We have a pretty firm plan as far as the disposition and attrition of the stocks that are there.

There are still some aspects, particularly of the medical portion of the maintenance problem, which haven't yet been resolved between the Surgeon General of the Army, and Army Materiel Command, and Defense Supply Agency.

Mr. LONG. So you can't give us absolute assurance no additional construction will be required?

General RICHARDS. No, sir. I can say, to the best of my knowledge at this time, there will be no major construction required as a result of our participation in the base closure.

Mr. LONG. Is that just a loophole, or is that an intelligent estimate? We are entitled to some feeling of assurance on this.

General RICHARDS. I would like to give you that assurance now. I don't feel I am looking for a loophole. There may be some small additional facilities, required, for example, in the maintenance area but I can see no major construction.

Mr. LONG. We are not worried about chicken feed.

General RICHARDS. That is right, and that is what we might have.

Mr. LONG. Supply figures for the record.

[The information follows:]

No major facilities utilized by the Defense Supply Agency (DSA) were included in the Department of Defense base closures which were announced on April 17, 1973. Secondary impacts on DSA, caused by base closures, are as follows:

(a) *Supply missions*.—Relocation of mission stocks and medical storage facilities to other DSA storage locations; e.g., from Atlanta Army Depot to the Defense Depot, Memphis, Tenn. (DDMT), and Defense General Supply Center (DHSC); and transfer of operation of Bayonne cold storage facility (Naval Supply Center (NSC), Newport) for subsistence distribution from Navy to DSA. A minor construction project to relocate this medical storage from Atlanta to DDMT has been approved and funded.

(b) *POL mission*.—Use of bulk petroleum facilities to meet the Defense Fuel Supply Center (DFSC) mission requirements; e.g., requirement for DSA use of the NSC Newport Melville tank farms to serve northeast U.S. area and retention of Charleston Army Depot access/egress pipeline and wharf for the Air Force POL retail distribution facility at North Charleston, S.C.

(c) *Defense property disposal mission*.—Use of facilities for defense property disposal offices at service closure installations; viz., Ramey AFB; Hamilton AFB; Forbes AFB; NSC Long Beach; Naval Station, Key West; Naval Station, Boston; Naval Air Station, Quonset Point; NSC Newport; Westover AFB; Atlanta Army Depot, and Fort Wolters; these will be disestablished, moved to other installations, or phased down.

Some of the base closure effects on DSA have been and are being resolved; others are under consideration; no major problems or major construction requirements are anticipated.

PROGRAM PRIORITIES

Mr. LONG. Which of the items you are requesting this year are on the lower end of your priority list?

General RICHARDS. I think the three projects at Tracy which are for an operational equipment facility, the improvement and modernization of the water system, and the provision of a fire station would

fit in that category, along with the parking lot at Defense Logistics Supply Service Center in Battle Creek, Mich.

Mr. LONG. List them in the order of their priorities and give us some indication of whether you feel they could be postponed. This is a tough year, and we are going to have to justify all military construction.

General RICHARDS. I would list them in that priority although we feel they are all essential. All of the projects which we are presenting to the committee have passed a rigid screening.

Mr. LONG. What would happen if they were postponed?

General RICHARDS. I think it would be a case of just a deferred requirement. They would have to be met sooner or later.

Mr. LONG. If you can put it off, that is a help. We can't build everything we need for the future now.

General RICHARDS. Many of those things have already been eliminated from the program. We feel we have a hard program. If you asked and we were required to list them in priority, I would put them in the priority I gave.

Mr. LONG. We want to know how soft they are. Are these really hard needs?

WATER SYSTEM, TRACY

General RICHARDS. Yes, sir, for example, let's take the water system at Tracy. Here we are in an area of fire protection, safety hazard, and the welfare of the personnel. In this respect, there is not enough assurance of water supply in case of fire. As far as the health of the employees are concerned, we have dead end lines, where the chlorine tends to concentrate at the end of the line, rather than being in a closed loop system. As a consequence, there is not full assurance that the water is adequately chlorinated at all times. This is the kind of situation we have.

Mr. LONG. Have you had any illnesses as a result?

General RICHARDS. As far as I can identify at this time, no specific illness can be traced to that particular cause.

Mr. LONG. Could you put in the record a statement from the health department on the necessity of this?

General RICHARDS. Yes.

[The information follows:]

SAN JOAQUIN LOCAL HEALTH DISTRICT,
Stockton, Calif., July 25, 1973.

DEFENSE DEPOT TRACY,
Facilities Engineering Division, Building T-231 DDTC-SEE, Tracy, Calif.
(Attention: James W. Roberts).

DEAR SIR: The following report is submitted by the San Joaquin Local Health District at the request of James W. Roberts, chief, Engineering Plans and Services Branch, Defense Depot Tracy.

A survey of the wells, water distribution system, and sewage disposal facilities was made on July 24, 1973. The purpose of the survey was to determine any potential health hazards and to advance any recommendations for correction.

San Joaquin County Ordinance No. 1852, "Water Well Standards," was used as a guide for the survey.

Several sources of possible contamination to the ground water were observed. These sources could be the cause of unsatisfactory high bacteria count in the wells supplying water for domestic use. There are at least four known abandoned wells on the Depot property. The Farmer's Well or well No. 7 may be reactivated; however, at the present time, it is not properly protected from surface contamination. Well No. 6 is covered but also not properly protected from possible con-

tamination. Wells No. 1 and No. 2 have been covered and it is not known whether they have been satisfactorily abandoned to prevent surface drainage or the upper water strata waters from commingling with water in the lower strata which provide domestic water. Well No. 2 is located between the storm drainage pond and the effluent evaporation ponds of the sewage disposal system. The well is approximately 50 feet from the storm drainage pond and approximately 25 feet from the effluent evaporation ponds. If the well has not been properly abandoned, it could cause a serious threat to contamination of the lower water strata. Wells No. 3 and No. 4, which presently are supplying domestic water, appear to be well constructed and sealed. However, there is no means to chlorinate the well in the event of contamination or after work on the well which might cause contamination of the well. Well No. 5 pumps directly into the distribution system and while a chlorinator is provided at the well, it is doubtful that sufficient contact time is provided to insure proper disinfecting.

The water distribution system to warehouse No. 29 has two dead end lines. This will create odors and taste in the water and has the potential of causing high bacterial count in that portion of the system.

No standby chlorination system is provided in the event the present old chlorinator fails to operate.

The following recommendations are submitted to prevent contamination of the water strata and any potential health hazards.

1. A standby chlorinator be provided to back up the present chlorinator located adjacent to the 500,000 ground storage tank.
2. Means be provided to insure adequate contact time with the chlorine at well No. 5. If the "Farmers Well" or "Well No. 7" is reactivated, the same provision should be made.
3. Wells Nos. 3 and No. 4 should be provided with chlorination pipes.
4. The two dead end lines at warehouse No. 29 should be eliminated by connecting them together and providing a cleanout or "blowoff" valve.
5. Investigation should be made into the manner of abandoning wells No. 1 and No. 2. If not properly abandoned, action should be taken to properly fill and seal the wells.

A copy of San Joaquin County Ordinance No. 1862 is enclosed for your reference. If any further assistance can be offered, please feel free to contact the San Joaquin Local Health District.

Very truly yours,

JACK J. WILLIAMS, M.D.,
District Health Officer.

J. DON LAYSON, M.P.H.,
Director, Environmental Health Division.

Enclosure.

JULY 27, 1973.

WATER AND SEWAGE FACILITIES PROJECT, FISCAL YEAR 1974 DEFENSE DEPOT,
TRACY, CALIF.

The following points of deficiency in project "Improve and Modernize Water & Sewage Systems, Defense Depot Tracy" were investigated and conclusions are:

1. At the west end of building 21, there is no loop in the water distribution system. The service connections from building 21 are to dead end mains. With a low domestic use rate and large mains, it is difficult to maintain a minimum 0.4 PPM chlorine residual in this portion of the distribution system. Well 5 (near building 21) is seldom used due to poor yield and water from elevated storage is not rechlorinated. A loop could be of some benefit in maintaining a chlorine residual.
2. A single existing chlorinator is set to chlorinate the water from wells 3 and 4 prior to ground storage. The ground storage reservoir has the capacity to store a 5- or 6-day supply at the normal domestic rate of use. Water from well 5, when used, is chlorinated by a chlorinator at the wellhead and introduced directly to the system. The elevated storage tank is floating on the water distribution system. Each chlorinator has the capacity to apply 0-26 pounds per day. Domestic flow is 100,000 GPD. Normal chlorine dosage is about 1 PTM. The chlorinators are at least 20 years old. It does not appear that "break point" chlorination is practiced. The contact time through ground storage is long. The contact time from well 5 is much less than 30 minutes. There is no standby chlorinator at either location and no alarm to indicate a failure or outage. Study and possibly renewal of the chlorinating facilities is warranted. Without additional consideration being given to the system, unsafe conditions will prevail.

3. Modifications to the sewage plant, i.e., automatic sludge and scum pumping, alarm system, revision of the chlorination system, would have an advantage in manpower reduction or would allow the plant operator to assume additional duties.

N. A. SMITH, Jr.,
Civil Engineer, Military Design Section "A".

Mr. LONG. I am very anxious to see what items can be postponed another year. This is a tough year for the whole country. Projects that are absolutely needed we want to build, but those which can be put off, I think, should be put off.

General RICHARDS. I think we are sensitive to that.

DEFENSE CONSTRUCTION SUPPLY CENTER (COLUMBUS), OHIO

Mr. LONG. We will turn to Defense Construction Supply Center (Columbus), Ohio. Insert page 14 in the record.

[The page follows:]

1. DATE 8 Jan 1973		2. DEPARTMENT DEFENSE (DSA)		3. INSTALLATION DEFENSE CONSTRUCTION SUPPLY CENTER (COLUMBUS)																																																																												
4. COMMAND OR MANAGEMENT BUREAU DEFENSE SUPPLY AGENCY		5. INSTALLATION CONTROL NUMBER 36225		6. STATE/COUNTRY OHIO																																																																												
7. STATUS ACTIVE		8. YEAR OF INITIAL OCCUPANCY 1918		9. COUNTY (U.S.) FRANKLIN																																																																												
				10. NEAREST CITY COLUMBUS																																																																												
11. MISSION OR MAJOR FUNCTIONS Organize, direct, manage, administer and control construction supplies and services. Includes computation of requirements, inventory control, item management, classification, direction of maintenance, and storage of supplies.		12. PERSONNEL STRENGTH		13. INVENTORY																																																																												
		<table border="1"> <thead> <tr> <th colspan="3">PERMANENT</th> <th colspan="2">STUDENTS</th> <th colspan="3">SUPPORTED</th> <th rowspan="2">TOTAL (9)</th> </tr> <tr> <th>OFFICER (1)</th> <th>ENLISTED (2)</th> <th>CIVILIAN (3)</th> <th>OFFICER (4)</th> <th>ENLISTED (5)</th> <th>OFFICER (6)</th> <th>ENLISTED (7)</th> <th>CIVILIAN (8)</th> </tr> </thead> <tbody> <tr> <td>a. AS OF 31 December <u>72</u></td> <td>46</td> <td>9</td> <td>4,536</td> <td></td> <td></td> <td>16</td> <td>38</td> <td>727</td> </tr> <tr> <td>b. PLANNED / END FY <u>79</u></td> <td>46</td> <td>9</td> <td>4,536</td> <td></td> <td></td> <td>16</td> <td>38</td> <td>729</td> </tr> </tbody> </table>		PERMANENT			STUDENTS		SUPPORTED			TOTAL (9)	OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	OFFICER (6)	ENLISTED (7)	CIVILIAN (8)	a. AS OF 31 December <u>72</u>	46	9	4,536			16	38	727	b. PLANNED / END FY <u>79</u>	46	9	4,536			16	38	729	<table border="1"> <thead> <tr> <th>LAND</th> <th>ACRES (1)</th> <th>LAND COST (\$000) (2)</th> <th>IMPROVEMENT (\$000) (3)</th> <th>TOTAL (\$000) (4)</th> </tr> </thead> <tbody> <tr> <td>a. OWNED</td> <td>566</td> <td>458</td> <td>28,294</td> <td>28,752</td> </tr> <tr> <td>b. LEASES AND EASEMENTS</td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>c. INVENTORY TOTAL (Excludes land rent) AS OF 30 JUNE 15 <u>72</u></td> <td></td> <td></td> <td></td> <td>28,752</td> </tr> <tr> <td>d. AUTHORIZATION NOT YET IN INVENTORY</td> <td></td> <td></td> <td>(Exclusive of family housing \$0)</td> <td>3,124</td> </tr> <tr> <td>e. AUTHORIZATION REQUESTED IN THIS PROGRAM</td> <td></td> <td></td> <td>(Exclusive of family housing \$0)</td> <td>1,188</td> </tr> <tr> <td>f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS</td> <td></td> <td></td> <td>(Exclusive of family housing \$0)</td> <td>11,770</td> </tr> <tr> <td>g. GRAND TOTAL (c + d + e + f)</td> <td></td> <td></td> <td></td> <td>44,834</td> </tr> </tbody> </table>		LAND	ACRES (1)	LAND COST (\$000) (2)	IMPROVEMENT (\$000) (3)	TOTAL (\$000) (4)	a. OWNED	566	458	28,294	28,752	b. LEASES AND EASEMENTS				0	c. INVENTORY TOTAL (Excludes land rent) AS OF 30 JUNE 15 <u>72</u>				28,752	d. AUTHORIZATION NOT YET IN INVENTORY			(Exclusive of family housing \$0)	3,124	e. AUTHORIZATION REQUESTED IN THIS PROGRAM			(Exclusive of family housing \$0)	1,188	f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS			(Exclusive of family housing \$0)	11,770	g. GRAND TOTAL (c + d + e + f)				44,834
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14. SUMMARY OF INSTALLATION PROJECTS																																																																																
PROJECT DESIGNATION		TENANT COMMAND	UNIT OF MEASURE	AUTHORIZATION PROGRAM		FUNDING PROGRAM																																																																										
CATEGORY CODE NO. a	PROJECT TITLE b	c	d	SCOPE e	ESTIMATED COST (\$000) f	SCOPE g	ESTIMATED COST (\$000) h																																																																									
812	Improve Electrical Distribution System		KV	20,000	967	20,000	967																																																																									
851	Truck Entrance and Control Facility		LS		221		221																																																																									
					1,188		1,188																																																																									

Mr. LONG. What is the reason for the tremendous increase in power requirements here?

General RICHARDS. We took over from the Army what was essentially a supply depot. It is now an inventory management center, and a great deal of modernization has taken place both in the adaptation of the inventory management to automated data processing and even in the supply activities themselves with the introduction of modern mechanized equipment which, while it has saved labor, has increased power requirements.

Mr. LONG. Is the electrical system improvement designed to meet your long-term requirements?

General RICHARDS. Yes, sir, it is.

Mr. LONG. You also are requesting funds for a truck control facility. Describe this project.

General RICHARDS. The project will provide a truck entrance and control facility at the Defense Construction Supply Center. It includes the construction of an entrance road from North Yearling Road to the intersection of 18th Street and Pershing Avenue. It also includes a truck marshalling complex with illuminated parking for security and night operations, and provides for a truck control building with dispatcher's office, motorized truck entrance gates, and truck scales. This project will reduce vehicular safety hazards, relieve traffic congestion, and improve operations.

The city of Whitehall strongly recommends this project be completed as scheduled. This project, which was favorably recommended by the Military Traffic Management and Terminal Service, is in consonance with the pertinent plans of the city of Whitehall, the Ohio State Highway Department, and the Federal Highway Administration in relation to the construction of North Yearling Road and Interstate Highway No. 270 and interchange. All of these related projects are scheduled for completion at approximately the same time.

DEFENSE DEPOT, MECHANICSBURG, PA.

Mr. SIKES. Turn to Defense Depot, Mechanicsburg, Pa. Insert page 17 in the record.

[The page follows:]

1. DATE 8 Jan 1973		2. DEPARTMENT DEFENSE (DSA)		3. INSTALLATION DEFENSE DEPOT MECHANICSBURG	
4. COMMAND OR MANAGEMENT BUREAU DEFENSE SUPPLY AGENCY		5. INSTALLATION CONTROL NUMBER 5864-500		6. STATE/COUNTRY PENNSYLVANIA	
7. STATUS ACTIVE		8. YEAR OF INITIAL OCCUPANCY 1942		9. COUNTY (U.S.) CUMBERLAND	
				10. NEAREST CITY HARRISBURG (EIGHT MILES EAST)	
11. MISSION OR MAJOR FUNCTIONS Defense Depot Mechanicsburg is one of seven principal distribution depots within the DSA integrated wholesale distribution system. Its mission is the receipt, storage, maintenance, inventory and issue of medical, clothing and textile, subsistence, general and industrial supplies. Its major function is the distribution of these commodities to all military activities in the northeastern United States and eastern Canada and to Army and Air Force activities in the Atlantic, European, and Southeast Asia areas. The depot also performs assembly, repair, overhaul, testing, preservation, and storage of defense industrial plant equipment. It also provides direct troop subsistence and commissary support in the European, Middle East and Caribbean areas.		12. PERSONNEL STRENGTH		PERMANENT	
				STUDENTS	
				SUPPORTED	
				TOTAL	
		13. INVENTORY			
		LAND		ACRES	
		LAND COST (\$000)		IMPROVEMENT (\$000)	
		TOTAL (\$000)			
		a. OWNED U. S. Navy DDMP is a tenant at the Naval Ships Parts Control Center			
		b. LEASES AND EASEMENTS			
		c. INVENTORY TOTAL (Except land rent) AS OF 30 JUNE 18			
		d. AUTHORIZATION NOT YET IN INVENTORY (Exclusive of family housing \$0)		1,931	
		e. AUTHORIZATION REQUESTED IN THIS PROGRAM (Exclusive of family housing \$0)		2,048	
		f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS (Exclusive of family housing \$0)		6,496	
		g. GRAND TOTAL (c + d + e + f)		10,475	
14. PROJECT DESIGNATION		SUMMARY OF INSTALLATION PROJECTS			
CATEGORY CODE NO.		PROJECT TITLE		TENANT COMMAND	
a		b		c	
				UNIT OF MEASURE	
				d	
				AUTHORIZATION PROGRAM	
				SCOPE	
				ESTIMATED COST (\$000)	
				SCOPE	
				ESTIMATED COST (\$000)	
				a	
				b	
				c	
				d	
				e	
				f	
				g	
				h	
431		Medical Materiel Climatic Controlled Storage		SF	
441		Upgrade Restroom and Lunchroom Facilities		SF	
441		Troop Subsistence Support Facility		LS	
				10,800	
				340	
				21,600	
				550	
				1,158	
				2,048	
				10,800	
				340	
				21,600	
				550	
				1,158	
				2,048	

MEDICAL MATERIAL STORAGE

Mr. LONG. In connection with the medical material storage, you propose to build a cold storage facility.

General RICHARDS. Yes sir, we propose to convert one section of an existing warehouse.

Mr. LONG. Again, is this a hard or a soft need?

General RICHARDS. I feel this is a hard need. These are medical supplies which do require the proper amount of refrigeration and humidity control. We have been getting by, but in an inefficient and costly manner.

Mr. LONG. What is the nature of the cost?

General RICHARDS. Most of these are small portable reefer boxes which you can't get mechanical equipment in or out of. It takes a lot of labor.

Mr. LONG. What are your plans for the refrigeration units now in use? Can they be salvaged in some way?

General RICHARDS. Most of them are quite old and not in good condition, and we intend to excess those and make them available for whatever purpose they might serve.

I think perhaps other people may be able to use them. Some of them are so old it is difficult to even get parts for them.

Mr. LONG. Do you think there is some chance of getting some resale on them?

General RICHARDS. We will probably get some resale value. Perhaps some other activity not handling quite as sensitive products as we are, would be willing to take the risk of a breakdown.

Mr. McKAY. It has been my experience this sort of thing is not very salvageable.

Mr. LONG. Is that what you meant?

General RICHARDS. They will be turned over for disposal.

Mr. LONG. Junk?

General RICHARDS. Yes.

UPGRADE RESTROOM AND LUNCHROOM FACILITIES

Mr. LONG. Your project to upgrade restroom and lunchroom facilities appears expensive. Can you provide cost details for the record? Are you refurbishing lunchrooms or building new ones?

General RICHARDS. We are building new ones actually. The people right now are sitting in chairs or eating off tables in an open warehouse. They have no lunchroom facilities except those expediciencies.

Mr. LONG. What is the cost of that?

General RICHARDS. It is \$550,000 for both the restrooms and the lunchroom.

[The detailed cost breakout follows:]

Women's restrooms:		Men's restrooms—Continued	
Warehouses:		Warehouses—Continued	
9.....	\$22, 000	402.....	\$17, 000
214.....	13, 000	12.....	13, 000
206 (bay 30).....	13, 000	406 (bay 27).....	13, 000
206 (bay 16).....	13, 000	406 (bay 16).....	22, 000
12.....	13, 000	407.....	15, 000
406 (bay 27).....	13, 000	508.....	17, 000
407.....	15, 000	Lunchrooms:	
508.....	18, 000	Warehouses:	
Men's restrooms:		4.....	11, 000
Warehouses:		404.....	24, 000
9.....	22, 000	12.....	11, 000
213.....	13, 000	508.....	19, 000
108.....	15, 000	Offices:	
109.....	18, 000	Warehouses:	
214.....	13, 000	9.....	50, 000
206 (bay 30).....	13, 000	206.....	33, 000
206 (bay 16).....	13, 000	406.....	42, 000
404.....	21, 000		
301.....	15, 000	Total.....	550, 000

Mr. LONG. It is quite a lot of money. How many people are involved?

General RICHARDS. About 1,050 personnel are involved here.

Mr. LONG. They are all eating their lunch in this room?

General RICHARDS. They are eating them in the warehouses.

Mr. LONG. Do they bring their own lunch?

General RICHARDS. Probably most of them do and eat at tables.

Mr. LONG. Is that bad?

General RICHARDS. No, it isn't. The lack of eating facilities is at issue here. The people need a place where they can sit down which is not in the middle of an industrial area and where there are not a lot of noxious fumes from the material handling equipment and so on.

Mr. LONG. What is the great harm in the present situation?

General RICHARDS. I suppose it is changing times.

Mr. LONG. This sounds like a soft item then?

General RICHARDS. Not to me. I am concerned about the welfare of our people and providing them with a reasonably attractive facility comparable to where they might work on the outside.

Mr. LONG. I am personally interested in defense that truly defends. I would hope we could keep our eye on that central question—does this defend the country? When you get away from that which is thrown at the enemy, then, in my judgment, you are in great danger of wasting money. I don't mean wasting money in an ultimate sense, but getting so involved and spending so much money that the whole structure breaks down. I am wondering how high you put this concern in relation to many requests the Army has in the budget.

Mr. McKAY. Is this in the warehousing area where you have fork lifts? You indicated something about exhaust emissions. There could be work going on next to the lunch counter area with exhaust fumes from fork lifts which would impinge on their eating area.

General RICHARDS. Essentially that is true, Mr. McKay.

Mr. LONG. It seems farfetched to me. I think you ought to give us a better justification for this.

General RICHARDS. We can provide it for the record.

[The information follows:]

The existing four lunch areas are just roped off areas in open bays in warehouses 4, 12, 404, and 508. These buildings are located approximately 1,200 feet from the nearest cafeteria. The distance involved precludes employees from walking to and from a remote cafeteria during a 15-minute rest period or a 30-minute lunch period, especially in inclement weather. Employees involved are working men and women, such as artisans and laborers who bring their lunches to work. The members of the Laborers International Union have repeatedly complained of the deplorable conditions in existing lunch areas because the carbon monoxide level frequently approaches or exceeds the health hazardous level of 50 parts per million and because of exposure to dust while eating. This project will provide suitable lunch areas where it is not practicable for the employees to lunch away from the work premises. This project is necessary to correct the existing unsightly, unsanitary, and unhealthy lunching conditions in order to provide the needed facility improvements to meet acceptable health standards for lunch areas.

Mr. LONG. You are really giving us an offhand statement that exhaust fumes are involved. I don't see why people can't go out and eat lunch where there aren't exhaust fumes around.

TROOP SUBSISTENCE SUPPORT FACILITY

You propose to improve the troop subsistence support facility. Is this entire project required because of the increased workload, or have you always had a requirement for better handling facilities?

General RICHARDS. This is generated by a new workload that has been transferred to Mechanicsburg.

Mr. LONG. Are there questions?

DEFENSE DEPOT, MEMPHIS, TENN.

Mr. LONG. We will turn to Defense Depot, Memphis, Tenn. Insert page 21 in the record.

[The page follows:]

Mr. LONG. The request is for \$360,000 to ventilate a warehouse. What is stored in these buildings?

General RICHARDS. There are a wide range of items stored in the six buildings. There are fast moving construction, industrial and general type items. We are talking in terms of approximately 600 employees.

Mr. LONG. What do you mean by ventilation?

General RICHARDS. We are just going to put exhaust fans on the roofs and draw the air in through louvers in the sidewalls.

Mr. LONG. What is bad about the air now?

General RICHARDS. We have measured the carbon monoxide content of the air in these buildings and it is almost double the acceptable standard.

Mr. NICHOLAS. Is it a safety item then? Would you say it is a hazard?

General RICHARDS. Yes.

Mr. LONG. Do you have something from a health agency to insert in the record?

General RICHARDS. We have had onsite surveys by the office of the facility engineer and the Office of Safety and Industrial Health.

Mr. NICHOLAS. If it is related to health and safety, why give it the least priority?

General RICHARDS. I don't believe we put it below some of our operational items.

Mr. NICHOLAS. Isn't this the lowest priority on the list?

General RICHARDS. It is the highest among the lower. There are other things which are health and safety items just as well. Restrooms for example. The chlorination problem at Tracy.

Mr. LONG. How long has this been going on? How long has it been used the same way it is being used now?

General RICHARDS. I would say 10 years.

Mr. LONG. Has anybody ever been hurt?

General RICHARDS. As far as I know nobody has ever been hospitalized for carbon monoxide poison.

Mr. LONG. How many people are involved?

General RICHARDS. 600 working in these warehouses.

Mr. LONG. I think a statement from the health agency would help greatly in the record.

[The statement follows:]

DEFENSE SUPPLY AGENCY,
DEFENSE DEPOT MEMPHIS,
Memphis, Tenn., July 28, 1973.

Subject: Warehouse ventilation.

To: DSAH-W.

Studies conducted by our safety division indicate that the carbon monoxide level of the warehouses in question is frequently above the acceptable level. This is especially true in the winter months. This condition poses a health hazard both acute and chronic to several hundred employees who must work many hours in this area.

J. DON JOHNSON, M.D.,
Contract Surgeon.

DEFENSE DEPOT, OGDEN, UTAH

Mr. LONG. We will turn to Defense Depot, Ogden, Utah. Insert page 23 in the record.

[The page follows:]

1. DATE 8 Jan 1973		2. DEPARTMENT DEFENSE (DSA)		3. PROJECT FY 19 74 MILITARY CONSTRUCTION PROGRAM		4. INSTALLATION DEFENSE DEPOT OGDEN																																													
5. COMMAND OR MANAGEMENT BUREAU DEFENSE SUPPLY AGENCY				6. INSTALLATION CONTROL NUMBER 45855		7. STATE/COUNTRY UTAH																																													
8. STATUS ACTIVE		9. YEAR OF INITIAL OCCUPANCY 1940		10. COUNTY (U.S.) WEBER		11. NEAREST CITY OGDEN																																													
12. MISSION OR MAJOR FUNCTIONS Defense Depot Ogden is one of seven principal distribution depots in the DSA integrated wholesale distribution system. Its mission is the receipt, storage, maintenance, inventory and issue of DSA assigned centrally managed items to the Military Departments, other DoD components, and to Federal civil agencies. Receive, store and ship designated items for the Military Services. Perform maintenance and repair of operating equipment and maintenance on DSA-owned mission materiel and items authorized for return to DSA from users.						13. PERSONNEL STRENGTH			14. STUDENTS			15. SUPPORTED			16. TOTAL (9)																																				
									OFFICER (1)			ENLISTED (2)				CIVILIAN (3)																																			
						a. AS OF 31 December 72			18			4				3,166																																			
						b. PLANNED (End FY 75)			18			4				3,063																																			
17. INVENTORY <table border="1"> <tr> <td>LAND</td> <td>ACRES (1)</td> <td>LAND COST (\$000) (2)</td> <td>IMPROVEMENT (\$000) (3)</td> <td>TOTAL (\$000) (4)</td> </tr> <tr> <td>a. OWNED</td> <td>1,641.53</td> <td>404</td> <td>40,447</td> <td>40,851</td> </tr> <tr> <td>b. LEASES AND EASEMENTS</td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>c. INVENTORY TOTAL (Except land rent) AS OF 30 JUNE 18 72</td> <td></td> <td></td> <td></td> <td>40,851</td> </tr> <tr> <td>d. AUTHORIZATION NOT YET IN INVENTORY (Exclusive of family housing \$432)</td> <td></td> <td></td> <td></td> <td>3,050</td> </tr> <tr> <td>e. AUTHORIZATION REQUESTED IN THIS PROGRAM (Exclusive of family housing \$0)</td> <td></td> <td></td> <td></td> <td>250</td> </tr> <tr> <td>f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS (Exclusive of family housing \$0)</td> <td></td> <td></td> <td></td> <td>5,489</td> </tr> <tr> <td>g. GRAND TOTAL (c + d + e + f)</td> <td></td> <td></td> <td></td> <td>49,640</td> </tr> </table>						LAND	ACRES (1)	LAND COST (\$000) (2)	IMPROVEMENT (\$000) (3)	TOTAL (\$000) (4)	a. OWNED	1,641.53	404	40,447	40,851	b. LEASES AND EASEMENTS				0	c. INVENTORY TOTAL (Except land rent) AS OF 30 JUNE 18 72				40,851	d. AUTHORIZATION NOT YET IN INVENTORY (Exclusive of family housing \$432)				3,050	e. AUTHORIZATION REQUESTED IN THIS PROGRAM (Exclusive of family housing \$0)				250	f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS (Exclusive of family housing \$0)				5,489	g. GRAND TOTAL (c + d + e + f)				49,640	18. SUMMARY OF INSTALLATION PROJECTS					
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CATEGORY CODE NO. a		PROJECT TITLE b				c		d		SCOPE e		ESTIMATED COST (\$000) f		SCOPE g		ESTIMATED COST (\$000) h																																			
441		Upgrade Restroom Facilities						LS				250				250																																			

Mr. LONG. You propose to renovate 20 existing restrooms and construct 11 new ones. How many people work in this area?

General RICHARDS. There are 3,200 employees at this activity and 2,450 will benefit from this particular project.

Mr. LONG. Will this project complete your requirement?

General RICHARDS. Yes, sir.

Mr. McKAY. You have a new mission coming in there, surplus property disposal; is that correct?

General RICHARDS. The regional headquarters will be there to cover all the Western United States and Alaska.

Mr. McKAY. What is the timing for phasing in that operation?

General RICHARDS. It has already been activated.

Mr. McKAY. Totally activated?

General RICHARDS. I don't believe everybody is onboard yet. Probably by the end of September we should be fully activated. We are operational.

Mr. McKAY. They just changed commanders out there.

General RICHARDS. That is correct. Capt. A. S. Maurstad is the new commander and I believe he called on you.

Mr. McKAY. We had a visit. He appears to be a very capable gentleman.

General RICHARDS. He is supported by a Marine, the new Deputy Commander.

Mr. McKAY. I am sure he will be fully able to take care of the operation out there.

Are there other projects that you have in mind or have requested in connection with this facility?

General RICHARDS. No, sir. As for every activity we have a 5-year program. We plan for 5 years these requirements we would like to do but they have to come up against competitive projects at other activities.

Mr. McKAY. Do you see any other major changes down the road for this facility?

General RICHARDS. No, we don't. Ogden as you know is one of our better facilities.

PROPOSED HOUSING

Mr. McKAY. Do you have a project there for housing?

General RICHARDS. That is correct; yes, sir.

Mr. McKAY. What are the proposed housing or housing needs at the depot and what future workload do you see there?

General RICHARDS. With reference to family housing, the construction of 18 units of replacement housing at Defense Depot Ogden is included in the Department of Air Force fiscal year 1973 family housing construction program. This was authorized in Public Law 92-545 and funds appropriated in Public Law 92-547. There is no additional housing planned. Regarding future workload, DSA is continuously seeking ways to improve the efficiency of its operations. All elements of the agency are thoroughly examined at frequent intervals to insure the optimum use of our total resources. Operations at Defense Depot Ogden are, of course, subject to these reviews. There are no current plans which would affect the workload at Ogden;

however, if it appears at some time in the future that the level of operations there should be adjusted, then appropriate action will be taken.

DEFENSE DEPOT, TRACY, CALIF.

Mr. LONG. We will turn to Defense Depot, Tracy, Calif. Insert page 25 in the record.

[The page follows:]

1. DATE 8 Jan 1973		2. DEPARTMENT DEFENSE (DSA)		3. INSTALLATION DEFENSE DEPOT TRACY																																									
4. COMMAND OR MANAGEMENT BUREAU DEFENSE SUPPLY AGENCY		5. INSTALLATION CONTROL NUMBER 05827		6. STATE/COUNTRY CALIFORNIA																																									
7. STATUS ACTIVE		8. YEAR OF INITIAL OCCUPANCY 1942		9. COUNTY (U.S.) SAN JOAQUIN																																									
				10. NEAREST CITY TRACY																																									
11. MISSION OR MAJOR FUNCTIONS																																													
<p>The Defense Depot Tracy is one of seven principal distribution depots within the DSA integrated whole-sale distribution system. Its mission is the receipt, storage, maintenance, inventory, and issue of clothing and textile, industrial, medical, petroleum, subsistence and general supplies. Its major function is the distribution of these commodities to all military activities in the eleven western states and to Army and Air Force activities in the Pacific area, Western Canada, and Alaska. The Depot also stocks certain GSA strategic and critical materials.</p>																																													
12. PERSONNEL STRENGTH																																													
<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">PERMANENT</th> <th colspan="2">STUDENTS</th> <th colspan="3">SUPPORTED</th> <th rowspan="2">TOTAL (9)</th> </tr> <tr> <th>OFFICER (1)</th> <th>ENLISTED (2)</th> <th>CIVILIAN (3)</th> <th>OFFICER (4)</th> <th>ENLISTED (5)</th> <th>OFFICER (6)</th> <th>ENLISTED (7)</th> <th>CIVILIAN (8)</th> </tr> </thead> <tbody> <tr> <td>a. AS OF 31 December 72</td> <td>18</td> <td>7</td> <td>2,188</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>2,213</td> </tr> <tr> <td>b. PLANNED (End FY 75)</td> <td>17</td> <td>7</td> <td>2,098</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>2,122</td> </tr> </tbody> </table>							PERMANENT			STUDENTS		SUPPORTED			TOTAL (9)	OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	OFFICER (6)	ENLISTED (7)	CIVILIAN (8)	a. AS OF 31 December 72	18	7	2,188						2,213	b. PLANNED (End FY 75)	17	7	2,098						2,122		
	PERMANENT			STUDENTS			SUPPORTED			TOTAL (9)																																			
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PROJECT DESIGNATION		TENANT COMMAND c	UNIT OF MEASURE d	AUTHORIZATION PROGRAM		FUNDING PROGRAM																																							
CATEGORY CODE NO. a	PROJECT TITLE b			SCOPE e	ESTIMATED COST (\$000) f	SCOPE g	ESTIMATED COST (\$000) h																																						
214	Operational Equipment Maintenance Facility		SF	18,000	360	18,000	360																																						
730	Fire Station		SF	3,000	137	3,000	137																																						
841	Improve and Modernize Water System		LS		250		250																																						
					747		747																																						

445

Mr. LONG. With regard to the fire station you are requesting, provide the committee with a copy of the inspection and engineering reports referred to in your justification. Tell us about the water situation. Provide details as to actual health hazards and system failures which have occurred. Why are you dependent on your own water supply? Is there no municipal system available?

General RICHARDS. Some of this situation, of course, we have already covered. One of the problems is that this water comes from wells and these wells sand up. The existing three wells are not producing sufficient quantity to meet availability standards for firefighting as I mentioned earlier.

Mr. LONG. Is this water table falling?

General RICHARDS. I presume that is part of the problem. What we are experiencing is the same things the communities around are also experiencing and probably is due to a drop in the water table. The nearest community is 8 miles away, and that is undoubtedly the reason they didn't tap into the community system. They are also drilling probably from the same general water table. The nearest county system, San Joaquin County, is some 26 miles away. And all of these systems have similar problems.

Mr. LONG. Is any salt getting into the water at all?

General RICHARDS. No, not that I am aware of.

[The data requested for the fire station follows:]

JULY 26, 1973.

STRUCTURAL INSPECTION REPORT

FIRE STATION BUILDING, DEFENSE DEPOT, TRACY, CALIF.

1. A field inspection was conducted on July 25, 1973, by J. A. Kanemoto, structural engineer, SPKED-M, to determine the structural adequacy of the fire station building.

2. The subject building was constructed in 1943. It is a wood frame building and is classified as combustible construction, temporary life. Since the original construction, alterations and additions were made to the building and in recent years, parts of the structure have been repaired because of dry rot and termite infestation.

3. The structural inspection was limited to accessible and exposed areas of wood framing members. Underfloor framing was inspected via crawl space; roof trusses and framing were inspected via attic space and exposed wall studs could be observed inside the ambulance garage. In general, the structural wood was found to be sound and satisfactory. An old or inactive termite trail was observed on the interior foundation wall (the trail led from ground up to the alarm room wall which was recently repaired). Some of the plywood ceiling panels over the apparatus room are water warped and checked apparently from roof leaks. Wood members of the two siren towers on the roof are deteriorated with dry rot, weathering and splitting. Similarly, wood trim at eaves and around the doors and windows need repair or replacement due to splitting and surface rot.

4. While the structural framing inspected is generally in sound and satisfactory condition, the structure is analyzed to be unsafe under maximum wind or seismic disturbance prescribed for this area. Strengthening of structure will be necessary, if the facility is to be considered safe and operational following such disturbances.

5. Since the rehabilitation work to modernize the building, excluding the structural strengthening indicated in preceding paragraph, is estimated to cost \$84,000—72 percent of the cost of a new facility—construction of the new permanent facility is recommended.

JAMES A. KANEMOTO,
Structural Engineer, Military Design Section "S".

Mr. LONG. Are there questions?

DEFENSE GENERAL SUPPLY CENTER, RICHMOND, VA.

Mr. LONG. Turn to Defense General Supply Center, Richmond, Va. Insert page 29 in the record.
[The page follows:]

1. DATE 8 Jan 1973		2. DEPARTMENT DEFENSE (DSA)		3. INSTALLATION DEFENSE GENERAL SUPPLY CENTER (RICHMOND)			
4. COMMAND OR MANAGEMENT BUREAU DEFENSE SUPPLY AGENCY		5. INSTALLATION CONTROL NUMBER 47595		6. STATE/COUNTRY VIRGINIA			
7. STATUS ACTIVE		8. YEAR OF INITIAL OCCUPANCY 1942		9. COUNTY (U.S.) CHESTERFIELD			
				10. NEAREST CITY RICHMOND (9 miles North)			
11. MISSION OR MAJOR FUNCTIONS The Defense General Supply Center organizes, directs, and accomplishes the management of supplies in assigned federal supply groups; operates a DSA storage facility; accounts for and coordinates receipt, storage and distribution of designated Civil Defense materiel; accomplishes supply support for overseas dependent schools; accomplishes supply support of overseas requirements for decentralized and non-cataloged items (SPUR) identifiable to materiel assignments of DGSC; provides supply support to Civil Agencies on a basis that will not adversely affect the performance of the primary mission; and directs and accomplishes other supply and miscellaneous missions as assigned.		12. PERSONNEL STRENGTH					
		PERMANENT		STUDENTS			
		OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)		
		47	8	2,792	17		
		47	8	3,006	10		
		SUPPORTED		TOTAL (9)			
		OFFICER (6)	ENLISTED (7)	CIVILIAN (8)			
		29	234		3,127		
		25	208		3,304		
		13. INVENTORY					
		LAND		LAND COST (\$000) (2)			
		ACRES (1)		IMPROVEMENT (\$000) (3)	TOTAL (\$000) (4)		
		657	253	27,102	27,355		
		b. OWNED		c. INVENTORY TOTAL (Except land rent) AS OF 30 JUNE 19 72			
		6		0			
		d. LEASES AND EASEMENTS		e. AUTHORIZATION NOT YET IN INVENTORY (Exclusive of family housing \$205)			
		3		2,146			
		f. AUTHORIZATION REQUESTED IN THIS PROGRAM (Exclusive of family housing \$0)		2,653			
		g. ESTIMATED AUTHORIZATION - NEXT 4 YEARS (Exclusive of family housing \$70)		4,873			
		h. GRAND TOTAL (c + d + e + f)		37,030			
14. SUMMARY OF INSTALLATION PROJECTS							
PROJECT DESIGNATION		TENANT COMMAND	UNIT OF MEASURE	AUTHORIZATION PROGRAM		FUNDING PROGRAM	
CATEGORY CODE NO. a	PROJECT TITLE b	c	d	SCOPE e	ESTIMATED COST (\$000) f	SCOPE g	ESTIMATED COST (\$000) h
431	Photographic Materiel Storage Facility		SF	24,000	250	24,000	250
610	Defense Fuel Supply Center		SF	66,600	2,403	66,600	2,403
					2,653		2,653

FUEL SUPPLY CENTER

Mr. LONG. The request is for \$2,653,000 for two projects. Why was Richmond selected as the best location for the fuel supply center?

General RICHARDS. Richmond was selected for two reasons. One, we have very good support facilities there now which would not require expansion to meet the needs of this additional activity which we plan to place there.

Second, it is reasonably convenient to the Washington Area. Because these people are dealing in a very sensitive commodity at the current time and for the foreseeable future we believe this activity should be located at Richmond rather than at some other more distant center even if the same kind of support service could be provided.

Mr. LONG. What facilities are available here?

General RICHARDS. At Richmond there are none at the present time. We had the option of converting warehouses to office space or constructing an administrative-type facility which we properly designed for that purpose, and we found it cost effective to do the latter.

Mr. LONG. Will this project complete the requirements?

General RICHARDS. Yes, sir.

Mr. LONG. What will be done with the existing fuel supply center facilities at Cameron Station, Alexandria, Va., when this mission is moved? How much office space does this mission now occupy?

General RICHARDS. We, of course, will move activities into Cameron Station which will remain in the Washington area and which are now in leased space and in addition to that other defense activities which are in leased space will be moved into Cameron Station. The activities now occupy approximately 49,000 square feet of space.

Mr. NICHOLAS. Would you provide for the record the cost comparisons of converting the warehouse or buildings?

General RICHARDS. Yes.

[The information follows:]

Cost estimate, scheme I (conversion of sections A, B, and C of warehouse No. 33)

Utility services:

Electric.....	\$62, 000
Water.....	
Sanitary sewer (included in plumbing).....	
Storm sewer.....	12, 000
Telephone.....	60, 000
Subtotal.....	<u>134, 000</u>

Site work:

Grading and seeding.....	7, 000
Roads, walks, and steps.....	16, 000
Parking.....	39, 000
Subtotal.....	<u>62, 000</u>

Building:

Relocation of existing operational facilities into warehouse No. 32.....	38, 000
Demolition in warehouse No. 33.....	92, 000
New construction in warehouse No. 33.....	1, 311, 000
Subtotal.....	<u>1, 441, 000</u>

Cost estimated scheme I (conversion of sections A, B, and C of warehouse No. 33)—
Continued

Estimated Construction cost.....	1, 637, 000
Projected increase to fall 1974 (20 percent factor).....	328, 000
Projected construction cost to convert warehouse No. 33.....	1, 965, 000
Estimated cost of replacement warehouse space.....	733, 000
Total costs for scheme I.....	2, 698, 000

Cost estimate, scheme II (new building)

Utility services:	
Electric.....	\$26, 000
Water.....	2, 000
Sanitary sewer.....	16, 000
Storm sewer.....	26, 000
Telephone.....	60, 000
Subtotal.....	130, 000
Site work:	
Grading.....	24, 000
Roads, walks, and steps.....	26, 000
Parking.....	60, 000
Subtotal.....	110, 000
Building: 66,600 ft ² at \$26.50 per ft ²	1, 763, 000
Estimated construction cost (August 1972).....	2, 003, 000
Projected increase to fall 1974 (20 percent factor).....	400, 000
Projected costs for scheme II.....	2, 403, 000

DEFENSE LOGISTICS SERVICES CENTER (BATTLE CREEK), MICH.

Mr. LONG. We will turn to Defense Logistics Services Center, Battle Creek, Mich. Insert page 32 in the record.

[The page follows:]

1. DATE 8 Jan 1973		2. DEPARTMENT DEFENSE (DSA)		3. INSTALLATION DEFENSE LOGISTICS SERVICES CENTER (BATTLE CREEK)								
4. COMMAND OR MANAGEMENT BUREAU DEFENSE SUPPLY AGENCY		5. INSTALLATION CONTROL NUMBER		6. STATE/COUNTRY MICHIGAN								
7. STATUS ACTIVE		8. YEAR OF INITIAL OCCUPANCY 1942		9. COUNTY (U.S.) CALHOUN								
				10. NEAREST CITY BATTLE CREEK (within city limits)								
11. MISSION OR MAJOR FUNCTIONS The Defense Logistics Services Center (DLSC) is charged with operational responsibility for the Federal Catalog System and the Defense Integrated Data System. These systems have DoD-wide application.		12. PERSONNEL STRENGTH		PERMANENT		STUDENTS		SUPPORTED		TOTAL (9)		
				OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	OFFICER (6)		ENLISTED (7)	CIVILIAN (8)
		a. AS OF 31 December 72		10	1	1,123						1,134
		b. PLANNED (End FY 75)		10	1	1,414						1,425
				INVENTORY								
		LAND		ACRES (1)		LAND COST (\$000) (2)		IMPROVEMENT (\$000) (3)		TOTAL (\$000) (4)		
		a. OWNED GSA		DLSC is a tenant of GSA								
		b. LEASES AND EASEMENTS										
		c. INVENTORY TOTAL (Except land rent) AS OF 30 JUNE 19 72										
		d. AUTHORIZATION NOT YET IN INVENTORY				(Exclusive of family housing \$0)				2,500		
		e. AUTHORIZATION REQUESTED IN THIS PROGRAM				(Exclusive of family housing \$0)				160		
		f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS				(Exclusive of family housing \$0)				2,040		
		g. GRAND TOTAL (c + d + e + f)								4,700		
14. SUMMARY OF INSTALLATION PROJECTS												
PROJECT DESIGNATION						AUTHORIZATION PROGRAM		FUNDING PROGRAM				
CATEGORY CODE NO. a	PROJECT TITLE b			TENANT COMMAND c	UNIT OF MEASURE d	SCOPE e	ESTIMATED COST (\$000) f	SCOPE g	ESTIMATED COST (\$000) h			
851	Parking Lot				SY	14,000	160	14,000	160			
These facility improvements will be made to an unimproved parking lot, which is owned by the U. S. Army, permitted to the General Services Administration, and utilized by DLSC.												

451

Mr. LONG. The request is for \$160,000 for a parking lot. You rate this as low priority. Is there not a more economical parking lot surface than that which you propose at \$9 a square yard?

GENERAL RICHARDS. We are providing bituminous covering for the parking lot and we feel this is the most economic surface that can be provided.

Mr. LONG. Is this on a slope?

General RICHARDS. No, it is not on a slope but is unstabilized ground and deeply rutted with not very good drainage.

Mr. LONG. Has anybody been hurt?

General RICHARDS. There have been numerous minor accidents in the parking lot.

I think one of the biggest problems in Battle Creek is the winter climate. In this parking lot we have the problem of people having to walk over frozen and uneven surfaces.

Mr. LONG. Any more than any other parking lot?

General RICHARDS. A hard surface lot of any kind would provide them the proper kind of footing in getting their cars in and out. We have had cars go all the way down to their bumpers in the mud in that parking lot because of the unstabilized surface.

Mr. LONG. I see what you mean. Are there questions?

DEFENSE PERSONNEL SUPPORT CENTER, PHILADELPHIA, PA.

Mr. SIKES. We will turn to Defense Personnel Support Center, Philadelphia, Pa. Insert page 34 in the record.

[The page follows:]

Mr. SIKES. What type of spaces are you proposing to improve here? Is this the most economical method?

General RICHARDS. This is a clothing and textile laboratory with a small amount of administrative space. This is the most economical method to improve the substandard facility.

Mr. SIKES. How are heavy packages now moved from floor to floor?

General RICHARDS. It is hard to believe. What they do is get a mobile crane with a crew and hoist the material up to the nearest window that is big enough to take it at the proper floor level. Small packages and supplies are manually carried or dragged up and down the stairs by employees.

Mr. SIKES. Why is this arrangement no longer satisfactory?

General RICHARDS. I think it is uneconomical and it poses a safety hazard.

Mr. SIKES. If it is uneconomical, can you quantify that?

General RICHARDS. I think we could as related to man-hours.

Mr. SIKES. I think we ought to have figures on that for the record, and also if anybody has been hurt.

General RICHARDS. I can't say with any certainty that any serious injuries have occurred.

[The information follows:]

Breakout of estimated costs of moving supplies and equipment, based on recent experience, is as follows:

Major equipment moves (3 times per year):

Contract rigging-----	\$975
40 man-hours at \$6-----	240

Total-----	1, 215
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1,215 times 3-----	3, 645
--------------------	--------

Daily operations: 6 man-hours at \$6, 5 days per week, 52 weeks-----	9, 360
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Total-----	13, 005
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With an elevator available, estimated costs are as follows:

Major equipment moves: 120 man-hours per year at \$6-----	720
---	-----

Daily operations: 1 man-hour at \$6, 5 days per week, 52 weeks-----	1, 560
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Total-----	2, 280
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The foregoing demonstrates a saving of \$10,725 per year. An added benefit of the availability of an elevator would be the greatly improved flexibility and responsiveness. Utilizing contract rigging services, it is necessary to defer work until an economically feasible quantity of heavy moving has accumulated. With an elevator available, moves can be accomplished immediately as the need arises.

REGIONAL OFFICE (DCASR, CHICAGO), ILLINOIS

Mr. LONG. We will turn to Regional Office (DCASR, Chicago), Illinois. Insert page 36 in the record.

[The page follows:]

1. DATE 8 Jan 1973		2. DEPARTMENT DEFENSE (DSA)		3. PROJECT FY 19 74 MILITARY CONSTRUCTION PROGRAM		4. INSTALLATION REGIONAL OFFICE (DCASR, CHICAGO)					
5. COMMAND OR MANAGEMENT BUREAU DEFENSE SUPPLY AGENCY				6. INSTALLATION CONTROL NUMBER 1490		7. STATE/COUNTRY ILLINOIS					
8. STATUS ACTIVE				9. YEAR OF INITIAL OCCUPANCY 1944		10. COUNTY (U.S.) COOK		11. NEAREST CITY CHICAGO			
12. MISSION OR MAJOR FUNCTIONS Provides responsive contract administration services in support of the missions of the Army, Navy, Air Force, Defense Supply Agency, National Aeronautics and Space Administration (NASA), other Government Agencies and Foreign Governments as authorized. Implements the DoD Industrial Security and Contract Compliance programs within its geographic area. Performs production and quality assurance surveillance on assigned contracts.											
13. PERSONNEL STRENGTH											
			PERMANENT			STUDENTS			SUPPORTED		
			OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	OFFICER (6)	ENLISTED (7)	CIVILIAN (8)	TOTAL (9)
a. AS OF 31 December 72			16		753						769
b. PLANNED (End FY 75)			16		783						799
14. INVENTORY											
LAND		ACRES (1)		LAND COST (\$000) (2)		IMPROVEMENT (\$000) (3)		TOTAL (\$000) (4)			
a. OWNED		U. S. Air Force *									
b. LEASES AND EASEMENTS											
c. INVENTORY TOTAL (Excludes land rent) AS OF 30 JULY 72		72									
d. AUTHORIZATION NOT YET IN INVENTORY				(Exclusive of family housing \$0)				0			
e. AUTHORIZATION REQUESTED IN THIS PROGRAM				(Exclusive of family housing \$0)				404			
f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS				(Exclusive of family housing \$0)				0			
g. GRAND TOTAL (c + d + e + f)								404			
15. SUMMARY OF INSTALLATION PROJECTS											
PROJECT DESIGNATION				TENANT COMMAND		UNIT OF MEASURE		AUTHORIZATION PROGRAM		FUNDING PROGRAM	
CATEGORY CODE NO. a		PROJECT TITLE b		c		d		SCOPE e		ESTIMATED COST (\$000) f	
610		Facility Improvements				LS				404	
* Defense Contract Administration Services Region (DCASR) Office, Chicago, is a tenant of the U. S. Air Force (928th Troop Carrier Group (CONAC) at the Chicago O'Hare International Airport.											

455

Mr. LONG. The request is for \$404,000 for facilities improvements. How much of this will be used to improve executive offices?

General RICHARDS. Approximately 5 percent.

Mr. LONG. Are these areas not now air-conditioned?

General RICHARDS. Some areas are but not those in this specific project. The areas which are air-conditioned have window air-conditioning units.

Mr. LONG. Does everything have to be air-conditioned?

General RICHARDS. I think there are some specific criteria on air-conditioning.

Mr. LONG. Air-conditioning can be bad. Right now I have a cold, and I am convinced I got it from air-conditioning. It improves when I get away from the air-conditioned buildings, get home, and out in the open; and it comes back to me the next day. I can't shake the cold because of air-conditioning. I curse it a good bit of the time. I am not saying it isn't valuable, but a lot of people feel the same way.

Furthermore, many times air-conditioning results in buildings being kept so cold that if it were that cold in the winter you would turn the heat on! This happens all too often.

I would hope you would ease off on this air-conditioning. I think there are many cases in which it isn't that badly needed.

General RICHARDS. I think it is not just a question of comfort but also of efficiency.

Mr. LONG. It helps some people but irritates others. If you are going to get a 50-50 split, why spend the money?

General RICHARDS. I suppose it depends on what the split is.

Mr. LONG. Look at it from that point of view.

General RICHARDS. Yes, sir.

NATIONAL SECURITY AGENCY

WITNESSES

BRIG. GEN. THOMAS B. WOOD, U.S. AIR FORCE, ASSISTANT DIRECTOR, INSTALLATIONS AND LOGISTICS

LEONARD F. MONGEON, OFFICE OF PROGRAMS AND BUDGET

PAUL S. BRADY, OFFICE OF THE GENERAL COUNSEL

Mr. LONG. We will turn to the National Security Agency and insert General Wood's biography in the record.

[The biography follows:]

BIOGRAPHICAL SKETCH

Name.—Brigadier General Thomas B. Wood, USAF.

Position.—Chief, Installations and Logistics.

Education.—University of California, The George Washington University, Air War College, 1962-63.

BIOGRAPHICAL DATA

General Wood entered the service in 1941 and received his commission in 1943. He served in the Asiatic-Pacific Theater of operations until the close of the war.

In August 1947 he was assigned to pilot training at Randolph Air Force Base, Tex., received his wings, and currently holds a command pilot rating with over 3,000 flying hours.

During the 1950's General Wood had assignments with JCS and headquarters USAF; was Commander of the 81st Air Rescue Squadron, Sembach, Germany in 1955 and later assigned to headquarters USAFE, Wiesbaden, Germany.

In September 1959 he joined USAFSS and has held staff positions in airborne operations, logistics, plans and programs at headquarters USAFSS and at Pacific security region, Hawaii. At a later period he returned to Hawaii to become Vice Commander, Pacific security region, the last position he held before reporting to NSA and his current position May 1, 1970.

He graduated from the Air War College in June 1963. His decorations include: BSM, AFCM W/1 OLC, DFC and other service and campaign medals.

STATEMENT OF ASSOCIATE DIRECTOR OF INSTALLATIONS AND LOGISTICS, NATIONAL SECURITY AGENCY

Mr. LONG. Now we will hear General Wood's statement.

General WOOD. Mr. Chairman and members of the committee, I am pleased to appear before you today to present the National Security Agency construction budget for fiscal year 1974. We request approval in that year for four projects at Fort Meade, Md. at an estimated cost of \$8,156,000.

A principal mission of the National Security Agency is the organization, operation, and management of certain activities and facilities for the production of intelligence information. The successful conduct of these vital activities requires facilities meeting the specialized needs of our missions. Our fiscal year 1974 construction program includes one project for the improvement of troop facilities and three projects responsive to mission requirements.

The first project is for the relocation of shop facilities at a cost of \$742,000. Space requirements for computers, a principal item of concern to NSA, have resulted in extensive consolidation and relocation of attendant activities. Now the machine space in our operations building is virtually depleted and we also have a potentially hazardous condition from a safety standpoint. Shops which have toxic and explosive characteristics are adjacent to the computer complex. The fiscal year 1974 construction project proposes to relocate these shop activities from the operations building to another building, which will not only remove the hazard but also will provide needed space for computers.

The second project is for the construction of a logistics support facility at a cost of \$3,529,000. The National Security Agency's logistics activities are decentralized, and therefore more costly to operate and maintain, because of the present lack of suitable facilities. The closure of Fort Holabird will eliminate marginal storage facilities which have been used by the Agency. Last year, the extra vehicle and man-hour costs resulting from the decentralized operations at Fort Holabird and other locations are estimated at nearly \$100,000. Our fiscal year 1974 construction project will consolidate at Fort Meade these dispersed activities in a facility specifically designed for this purpose. Additionally, it will give us a capability for direct rail deliveries to reduce double handling of paper stock and will permit NSA to make better use of GPO bulk purchasing procedures which will achieve further savings by taking advantage of industry's seasonal price fluctuations.

The third project is for the modernization of bachelor enlisted quarters at a cost of \$1,945,000. This barracks was built in the early 1950's to accommodate about 500 men in large open bay areas and is now substandard by current criteria. The military personnel at NSA

work around-the-clock shifts. Men assigned to one shift are trying to sleep while those on other shifts may be coming and going on other personal or official matters. The result is a constant turmoil which jeopardizes the productivity of the troops and renders the quarters unacceptable for modern military forces. This project will alter the existing facilities into one-man rooms with private baths and two- and three-man rooms with shared bath to provide the privacy and quiet needed for the men. The project will also isolate all troop command and recreational functions in the converted unit mess area.

The fourth project is for the construction of an automated waste collection system at a cost of \$1,940,000. The disposable classified material generated by NSA and associated Defense components is currently between 34 to 40 tons daily. Increasing amounts of material requiring disposal and the rising costs for labor and security control measures to handle its disposal has resulted in a significant problem for the agency. The resolution of this problem requires the implementation of new and ingenious techniques. The system proposed by NSA in this fiscal year 1974 construction project will automatically transport this material from pick-up points to the collection facility under a high degree of security and will eliminate nearly all of the manpower assigned to transporting and security control. The expected reduction in operating costs will amortize the proposed system in 5 years.

In summary, Mr. Chairman, this is our fiscal year 1974 construction program for which we are requesting \$8,156,000. I will be pleased to answer any questions you may have concerning these projects.

Mr. PATTEN. Are there questions on the statement?

FORT GEORGE G. MEADE, MD.

Mr. PATTEN. We will turn to Fort George G. Meade, Md. Insert page 38 in the record.

[The page follows:]

1. DATE 8 Jan 73		2. DEPARTMENT Defense (NSA)		3. INSTALLATION Fort George G. Meade			
4. COMMAND OR MANAGEMENT BUREAU National Security Agency		5. INSTALLATION CONTROL NUMBER		6. STATE/COUNTRY Maryland			
7. STATUS Active		8. YEAR OF INITIAL OCCUPANCY N/A		9. COUNTY (U.S.) Anne Arundel			
10. NEAREST CITY Laurel, Maryland							
11. MISSION OR MAJOR FUNCTIONS Agency Activities Classified		12. PERSONNEL STRENGTH					
		PERMANENT			STUDENTS		
		OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	
					OFFICER (6)	ENLISTED (7)	
					CIVILIAN (8)	TOTAL (9)	
		a. AS OF 31 December 72		C L A S S I F I E D			
		b. PLANNED (End FY)					
		13. INVENTORY					
		LAND	ACRES (1)	LAND COST (\$000) (2)	IMPROVEMENT (\$000) (3)	TOTAL (\$000) (4)	
		a. OWNED	23.2	Trf'd w/o ch.		60,199	
		b. LEASES AND EASEMENTS		(1,211,000)		----	
		c. INVENTORY TOTAL (Except land rent) AS OF 30 JUNE 19 72				60,199	
		d. AUTHORIZATION NOT YET IN INVENTORY				14,155	
		e. AUTHORIZATION REQUESTED IN THIS PROGRAM				8,156	
		f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS				5,862	
		g. GRAND TOTAL (c + d + e + f)				88,372	
14. SUMMARY OF INSTALLATION PROJECTS							
PROJECT DESIGNATION				AUTHORIZATION PROGRAM		FUNDING PROGRAM	
CATEGORY CODE NO. a	PROJECT TITLE b	TENANT COMMAND c	UNIT OF MEASURE d	SCOPE e	ESTIMATED COST (\$000) f	SCOPE g	ESTIMATED COST (\$000) h
310	Relocation of Shop Facilities	NSA	SF	30,000	742	30,000	742
442	Logistics Support Facility	NSA	SF	125,000	3,529	125,000	3,529
722	Modernization of Bachelor Enlisted Quarters	NSA	SF	79,660	1,945	79,660	1,945
890	Automated Waste Collection System	NSA	TN	50	1,940	50	1,940
					8,156		8,156

459

LOGISTICS SUPPORT FACILITY

Mr. LONG. The National Security Agency is asking for \$3.529 million for a logistic support facility at Fort Meade. The justification sheet says this is to consolidate activities now being performed at both Holabird and Meade:

The substandard Fort Holabird facilities and the expanded logistic mission has accelerated the need for this project. The consolidation of maintenance and supply facilities will reduce transportation requirements by eliminating the continuous shuttling of supplies between Fort Holabird and Fort Meade, reduce the manhours lost in the double handling of supply items and equipment and will result in a more economical operation.

I might point out that the Armed Services Committee has turned down the request of GSA for excessing Fort Holabird pending a review by the General Accounting Office of possible use of Fort Holabird for all sorts of facilities we are now spending money in leasing. We are spending about \$20 million a year for leasing in this general Baltimore-Washington area; \$5 million a year at Friendship alone.

Can we hold this up until the future of Fort Holabird is definitely clarified? Frankly, many of those buildings have been stated by the Army, I believe, as being good until the end of this century. I would like to see those buildings kept there and used rather than having leased space. I am very hopeful that can happen.

Can we hold this request up until the future of Fort Holabird is definitely clarified?

General Wood. We have been existing there for quite a number of years, and I would have to say that we could continue to operate this way. We do find ourselves, however, in somewhat of a dangerous situation. With the reduction and withdrawal of the Army out of Fort Holabird, we find ourselves now with very little fire protection, guard protection and such things as that. And those are World War II buildings at Holabird that would go up in a hurry if they ever had a fire out there. So there is a dangerous situation.

Mr. LONG. Almost any building will go up in a hurry if you have a fire.

I would hope that until we can see this picture more clearly we could hold this up.

General Wood. From our point of view with the reduction of dollars and manpower available to us, it is an expensive operation for NSA, and it would be our hope we could get on with centralizing our logistic operations at Fort Meade. I think the facilities that are at Fort Holabird could be used by quite a number of other agencies. At the present time, we have been asked by the Army to vacate our space at Fort Holabird in 1975. Hopefully we could go on with it, sir.

Mr. LONG. We have put a lot of money into Holabird. The buildings have been estimated to be worth, in replacement, value something like \$60 million. The land itself is very valuable.

General Wood. Yes, sir.

Mr. LONG. And the city, I suppose using revenue sharing funds, hopes to get the property cheap, something like \$9 million or \$10 million. And that would turn into a real estate development; every real estate operator in the city will be in there to get his piece of the action; and the Federal taxpayer, I think, is going to take a licking

on it. That is another reason that the Armed Services Committee turned down the request.

Just a few miles away at Friendship the DOD is spending \$5 million a year on leased space. I don't see any justification for that except, of course, Friendship may be a little more convenient to the general officers. Perhaps it is cleaner or nicer looking. But Fort Holabird is a perfectly presentable area. There are many excellent buildings. I just went through it the other day.

How high a priority item is this?

General Wood. Out of the four projects that we have in the fiscal year 1974 budget I would say it was third on the priority list.

Mr. LONG. Next to the bottom?

General Wood. Yes, sir.

Mr. LONG. Thank you.

AUTOMATED WASTE COLLECTION SYSTEM

The National Security Agency is asking \$1.9 million for an automated waste collection system to handle 40 tons of classified waste a day, 200 tons on a 5-day working week, 10,400 tons of material a year. Is the National Security Agency literally burying itself in classified material?

General Wood. It would seem that way. That is an awful lot of tonnage, but I checked again this morning to determine whether it was holding true, and it is running between 32 and 35 tons a day as of the current time.

Mr. LONG. What sort of material is being shredded?

General Wood. The largest share of it is paper. There are some classified equipment and tapes that do require destruction, but the majority of it is paper.

Mr. LONG. How many men are working on it?

General Wood. There are approximately 40 people involved in handling the waste collection function today. We hope with this automated system it will reduce that down to one. We will amortize the project cost in approximately 5 years.

Mr. LONG. When you say amortize it, does that include a charge on the interest on the money and all, or just that sum of money you are putting up?

General Wood. It was really based on the sum of money, sir.

Mr. LONG. Once again, I can't emphasize too strongly the fact that no economic justification entitles you to overlook some sort of implicit interest on the money. We are paying it in our national debt. Every business would consider this as part of the cost, and in telling us how fast things are going to be amortized, you should never come in here with figures that overlook the interest on the money.

I am serving notice that I am going to bug you on every single instance in which you come in with an amortization to find out how you have presented the data.

Wouldn't you agree that I am justified in saying that, General?

General Wood. Certainly I have no objection to providing that information.

[Additional information follows:]

In further reviewing this automated waste collection project, I find that the allowance for the present value of money was considered in our economic analysis and the project will be amortized within 5 years.

Mr. LONG. Do you have an environmental statement in connection with this?

General Wood. I don't believe there is any required on this, sir.

Mr. LONG. Why not?

General Wood. Well, it will be a steel pipe buried 10 feet under the ground to shoot it to the incinerator, so I don't think it involves any environmental statement.

Mr. LONG. What do you do with this material? Do you just burn it?

General Wood. Yes, sir. It is very sensitive, highly classified documents that we destroy.

Mr. LONG. Once it is shredded can't you get something for it?

General Wood. There is a portion of the material that you actually could run through a macerator.

Mr. LONG. What?

General Wood. A macerator that would put it back into pulp, but a percentage of it ends up without having been destroyed. This residue, then, has to be burned. You cannot go through a pulping process and reuse the paper.

Mr. LONG. What is your authority for making that statement?

General Wood. It is experience. Today because of our problems that we are associated with, one of the warehouses at Fort Holabird contains in the vicinity of about 20,000 square feet of space where we store paper to burn. It is paper that we cannot put through a pulping machine. We have tried it and it can't be done, so experience is the factor I am using.

Mr. LONG. You mean you have tried to do it?

General Wood. We have had professional people in the paper industry try to do it for us.

Mr. LONG. Could you get us a statement for the record from professionals in this field?

General Wood. Yes, sir; be glad to.

Mr. LONG. That you have consulted them and this is their judgment and it cannot be done. All right?

General Wood. I would be glad to.

[The information follows:]

HALLTOWN PAPERBOARD Co.,
Halltown, W. Va., July 26, 1973.

THOMAS G. ALLEN,
Director, National Security Agency,
Fort George Meade, Md.

DEAR MR. ALLEN: We have been asked to respond to the question of why residue results from the wastepaper pulping operation through which you are destroying classified records and other paper stock. We, of course, do not see the paper since it is sealed in plastic containers and dumped by your personnel into our pulping operation.

We produce paperboard from a variety of paperstock raw materials all of which are composed of cellulosic fibers. It is necessary for us to "hydraulically" reduce all papers to individual fibers and to blend the fibers from other grades of paper stock to get the desired properties for the product we wish to make. We try to accelerate the degradation of paper stock into individual fibers by the addition of heat in the pulping process. The entire process is somewhat similar to the action of a kitchen blender except that no cutting action is involved.

There are many "contaminants" in different grades of wastepaper that must be separated from the pulp slurry because they are not cellulose fiber. These include glass, metal (such as staples), plastic and plastic coated materials, and, in some cases, even fibers that are so thoroughly impregnated with "wet strength additives" that they cannot be separated into individual fibers in the pulping process.

In this latter category may be papers specifically treated to resist destruction in water (by the use of chemicals such as kymenes and other "wet strength additives"). We have improved our pulping process and increased operating temperatures in recent years but there continue to be very tenacious materials which will not be "slurried". We try to use all wastepaper ingredients by different refining methods, but, inevitably, there is some residue that must be discarded as unsatisfactory. The British call them "pernicious contraries".

I hope this answers your question.

Sincerely,

CONRAD C. HAMMANN, *President.*

Mr. LONG. The idea of burning 10,000 tons of paper a year just at that one place alone raises some real questions in my mind, and I wonder whether we have explored adequately the possibilities of pulping—if not all, then some, most of it.

It may be that some of it can't be pulped. I don't know. But I am not really satisfied that this has been completely looked into.

General WOOD. You really have a major problem using a commercial pulping plant because of security reasons. We periodically use a commercial facility to help us because we have such a large volume, but it is a real problem, both to get a company to agree to help us and then for NSA to have guards and literally take over the plant for a 24-hour period to dispose of the paper, so it is a very expensive thing to do.

We have to haul our product to them and the only company that we have been able to get any kind of support from is up at Halltown and that is quite a distance away from Fort Meade and again looking at the taxpayers' money we would like to do it the most economical way.

Mr. LONG. Times change, you know, and there are new ways of looking at things. What is not possible or technologically advisable at one time becomes feasible and even advantageous at another time.

I would hate for you to just go on with the idea that you are going to keep on burning 10,000 tons a year of paper, when there are pulping possibilities. I would feel more comfortable if this were more fully explained.

Did you have any questions on this, Mr. Davis?

Mr. DAVIS. Not on that particular item. I do have on this general thing, but perhaps the chairman would like to inquire a bit further.

Mr. PATTEN. Yes, I have a few questions.

RELOCATION OF SHOP FACILITIES

You are requesting a relocation of shop facilities. What will be done with the 30,000 square feet you will vacate?

General WOOD. Sir, we have a very substantial computer facility in our complex and we are gradually running out of space in the basement which is the natural place for these computers to be installed. We are looking at those things in our facility that can be relocated to help us with our machine growth. So to answer your question, they will be used for computer growth over the next few years.

Mr. PATTEN. Where do you propose to relocate the shops?

General WOOD. They will be placed in an existing building in an industrial area. There is some danger, as you may note from my statement, from the gases and the type of fluids used in the shops so we are

trying to get the shops out of the basement area and put them over into an industrial building.

Mr. PATTEN. Will this project complete your requirement in this area?

General WOOD. Yes, sir; it will.

LOGISTICS SUPPORT FACILITY

Mr. PATTEN. Is your \$3,529,000 request for a logistics support facility actually a request for an administrative building?

General WOOD. No, sir, it is not. About 30,000 square feet of the 125,000 is devoted to administration.

Mr. PATTEN. How much of the proposed building is to actually be used for storage, processing, and shipping functions?

How about answering that for the record, General.

General WOOD. Yes, sir, be glad to, sir. I think it is roughly 90,000 square feet.

[The information follows:]

Logistics support facility—space utilization

Function:	<i>Square feet</i>
General storage.....	66,000
Shipping and receiving.....	6,000
Packing and crating.....	6,000
Office equipment repairs and maintenance.....	4,000
Material handling equipment.....	2,000
Support (mechanical, electrical, heat, stairs, rest rooms, etc.).....	9,500
Security control point.....	900
Subtotal, logistics functions.....	94,400
Administration.....	28,000
Cafeteria.....	3,000
Building total.....	125,400

Mr. PATTEN. How many people will be moved from Fort Holabird in this proposed consolidation?

General WOOD. Sir, only a handful of people are used at Fort Holabird. I would say the number would be possibly four to six people at a maximum.

Mr. PATTEN. What will be done with the space now being utilized at Fort Meade and Fort Holabird?

General WOOD. The facilities at Fort Meade are World War II buildings that are destined to be torn down and destroyed. With regard to those at Holabird, I think you have already heard comments from Mr. Long on that.

Mr. PATTEN. How many jobs will be eliminated?

General WOOD. This is rather difficult to answer, sir, specifically. We have had manpower reductions and in doing so have anticipated this consolidation of logistic operations at Fort Meade. We have taken this into account. The primary savings will be in trucking the equipment back and forth.

Mr. PATTEN. What are the costs of relocating?

General Wood. Sir, I will have to provide that for the record. I don't have an answer to that.

[The information follows:]

RELOCATION COSTS—CONSOLIDATION OF ACTIVITIES FROM FORT HOLABIRD TO FORT MEADE, MD.

Materials and equipments to be relocated equates to approximately 700 vanloads at a one-time cost of \$53,000. It will consist of flat paper stock, tab paper, cards, office furniture, packing materials, equipments, and operating expendables (estimated 5,800 skids) and printing paper (1,100 rolls).

Mr. PATTEN. And how much do you expect to save?

General Woods. Yes, sir. Our statement indicated we will save \$100,000 a year.

Mr. PATTEN. Provide a complete and detailed economic analysis of this move for the record.

General Wood. Yes, sir.

Mr. PATTEN. Be sure to include the cost of the new facility and any subsequent facility cost which will result.

General Wood. All right, sir.

[The information follows:]

ECONOMIC ANALYSIS—SUMMARY OF COSTS FORMAT A-1

Submitting component.—DOD (National Security Agency).

Date of submission.—July 30, 1973.

Project title.—Logistics support facility.

Description of project objective.—Consolidation of the National Security Agency's logistic functions into a centralized facility and location to permit the discontinuance of interim substandard facilities at Fort Holabird and Fort Meade, Md.

(a) *Present alternative.*—Expand use of buildings 204 and 206 at Fort Holabird and 17 World War II buildings at Fort Meade.

(b) *Proposed alternative*—Logistics support facility at Fort Meade.

Economic life.—25 years.

Project year.....	1-25
Recurring operational costs:	
(a) Present.....	\$399, 129
(b) Proposed.....	\$104, 565
Differential cost.....	\$294, 564
Discount factor.....	9. 524
Discounted differential cost.....	\$2, 805, 427
Present value of new investment:	
(a) Land and buildings.....	\$3, 529, 000
(b) Equipment (racks, bins, shelving).....	+ \$300, 000
(c) Other.....	+ \$200, 000
(d) Working capital.....	
Total present value of new investment: (i.e., funding requirements).....	\$4, 029, 000
Plus: Value of existing assets to be employed on the project.....	
Less: Value of existing assets replaced.....	— \$246, 320
Less: Terminal value of new investment.....	— \$2, 298, 755
Total new present value of investment ¹	\$1, 483, 925
Present value of cost savings from operations: (col. 11-12).....	\$2, 805, 427
Plus: Present value of the cost of refurbishment or modifications eliminated.....	\$957, 000
Total present value of savings.....	\$3, 762, 427
Savings/investment ratio.....	2. 53
Rate of return on investment (percent).....	15. 35

¹ Terminal value of new investment should be disallowed. This analysis which would give cost/benefit ratio of approximately 1.

BARRACKS

Mr. PATTEN. What is the current barracks situation at Fort Meade with regard to your requirements?

General WOOD. Our enlisted personnel are housed in four rather antiquated buildings that need to be rehabbed. Your committee last year approved a project for rehabilitation of two of the four. We still have two remaining to be done. We hope to get this one done in fiscal year 1974 and the fourth barracks in fiscal year 1975.

Mr. PATTEN. Then this project won't fill your requirement?

General WOOD. No, it will not, sir.

Mr. PATTEN. When do you plan to completely meet your needs?

General WOOD. I would hope with the fiscal year 1975 budget.

WASTE COLLECTION SYSTEM

Mr. PATTEN. I with regard to on the \$1,940,000 for the waste collection system, at this point probably you ought to tell us how it will compare with your present system.

General WOOD. Actually, sir, there really is no system per se today. We really have a very antiquated means of handling our waste. I have some pictures I would be happy to leave with the committee which show how we handle this problem today. It is manpower usage rather than a system that we are talking about.

The system that we are including in the budget may be familiar to you. Disney World in Florida has a similar system that actually carries all the waste to a central point and that is what we hope to do here.

Mr. PATTEN. In answer to Congressman Long you were going to embellish it, anyway.

General WOOD. Yes, sir.

Mr. PATTEN. Are there any questions?

Mr. DAVIS. Yes, I have some, Mr. Chairman.

Mr. PATTEN. Mr. Davis.

Mr. DAVIS. How far apart are Holabird and Meade?

Mr. PATTEN. Ten miles, twenty?

General WOOD. No, sir. I would guess it would probably be between 15 and 20 miles between Fort Meade and Fort Holabird.

Mr. LONG. Oh, I think probably about 20 miles, at least 20 and maybe 25.

Mr. PATTEN. Mr. Davis.

Mr. DAVIS. With respect to the shop facilities that you speak of relocating, is there something here at Holabird that you are using for this purpose?

General WOOD. No, sir. The shop facilities that we are talking about are at Fort Meade and will be relocated into the industrial area at Fort Meade.

Mr. DAVIS. It is all at Fort Meade?

General WOOD. All at Fort Meade. The only thing we have at Holabird is a warehouse.

LOGISTIC SUPPORT FACILITY

Mr. DAVIS. Is the logistics support facility a fancy name for warehouse here?

General WOOD. Yes, sir.

Mr. DAVIS. Is there anything over at Holabird that is usable for that purpose?

General WOOD. We are using the warehouse today and we have used this warehouse for a number of years.

Mr. DAVIS. Would you have to build a facility similar to this if you were to stay at Holabird, or could you get along with the one you have there?

General WOOD. There has been no facility work to speak of done at Holabird in anticipation that we were leaving there. If we were told we had to stay there, there would undoubtedly be a considerable cost to make that facility continue to be usable.

I cannot answer exactly what it would be but there would be a considerable cost. We have known for years that Fort Holabird was being closed and have been planning that way so we haven't done any construction or facility work.

Mr. DAVIS. If the decision were to be made over in the Armed Services Committee that Holabird was to remain open, at least on a limited basis, I would assume that you would be able to renovate your existing facility there at considerably less cost than what you will require for this consolidation and new construction over here at Meade.

General WOOD. I would really hesitate to answer that without examining it, but I would be happy to do so.

Mr. NICHOLAS. That should show up in the economic analysis you are going to supply.

General WOOD. Right.

Mr. DAVIS. That is all, Mr. Chairman.

Thank you.

Mr. PATTEN. Thank you, General Wood.

EMERGENCY CONSTRUCTION, PLANNING, AND MINOR CONSTRUCTION

WITNESS

JOHN N. GAARDSMOE, DIRECTORATE FOR CONSTRUCTION, OFFICE
OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

Mr. PATTEN. Turn to emergency construction, planning, and minor construction.

Insert pages 44, 45, and 46 in the record.

[The pages follow:]

1. DATE 8 Jan 1973		2. FISCAL YEAR 1974		3. DEPARTMENT MILITARY CONSTRUCTION PROJECT DATA		4. INSTALLATION OSD		5. STATE/COUNTRY Various	
6. PROPOSED AUTHORIZATION \$ 0		7. PRIOR AUTHORIZATION P.L.		8. CATEGORY CODE NUMBER NA		9. PROGRAM ELEMENT NUMBER NA		10. STATE/COUNTRY Various	
11. PROPOSED APPROPRIATION \$ 0		12. BUDGET ACCOUNT NUMBER		13. PROJECT NUMBER		14. PROJECT TITLE Department of Defense Emergency Construction		15. NM CM RM	

SECTION A - DESCRIPTION OF PROJECT				SECTION B - COST ESTIMATES			
16. TYPE OF CONSTRUCTION				17. PRIMARY FACILITY			
PHYSICAL CHARACTERISTICS OF PRIMARY FACILITY				Planning			
18. NO. OF BLOCS 19. NO. OF STORIES 20. LENGTH 21. WIDTH				U/M QUANTITY UNIT COST COST (\$000)			
22. DESIGN CAPACITY 23. GROSS AREA				a. () \$ 30,000			
24. COOLING CAP. COST (\$)				b. ()			
25. TYPE OF WORK				c. ()			
26. NEW FACILITY				d. ()			
27. ADDITION				28. SUPPORTING FACILITIES			
29. ALTERATION				a. ()			
30. CONVERSION				b. ()			
31. OTHER (Specify)				c. ()			
32. REPLACEMENT				d. ()			
33. TYPE OF DESIGN				e. ()			
34. STANDARD DESIGN				f. ()			
35. SPECIAL DESIGN				g. ()			
36. DRAWING NO.				h. ()			
37. DESCRIPTION OF WORK TO BE DONE Construction of facilities in support of operations necessary to the defense of the United States.				i. ()			
				j. ()			
				29. TOTAL PROJECT COST \$ 30,000			

SECTION C - BASIS OF REQUIREMENT		
29. QUANTITATIVE DATA (U/M)		
30. TOTAL REQUIREMENT		
31. EXISTING SUBSTANDARD		
32. EXISTING ADEQUATE		
33. FUNDED, NOT IN INVENTORY		
34. ADEQUATE ASSETS (e + g)		
35. UNFUNDED PRIOR AUTHORIZATION		36. FUNDED
37. INCLUDED IN FY PROGRAM		
38. DEFICIENCY (e - f - g)		
39. RELATED PROJECTS		
40. REQUIREMENT FOR PROJECT		
<p>For Fiscal Year 1974, \$30 million is programmed to provide the Secretary of Defense with authority to establish or develop installations and facilities which he determines to be vital to the security of the United States. The Armed Services and Appropriations Committees of the Senate and House of Representatives will be notified by the Secretary of Defense, or his designee, immediately upon reaching a decision to undertake construction of any public works, including real estate actions pertaining thereto, under this authority. The \$30 million programmed for FY 1974 is considered to be the minimum required to provide the Secretary of Defense the flexibility to undertake immediately urgent unforeseen military construction deemed vital to the security of the United States.</p> <p>No new authorization or funds are being requested for FY 1974. Unobligated balances available from prior year emergency construction programs are considered adequate to finance the FY 1974 program estimate of \$30 million.</p>		

1. DATE 8 Jan 1973		2. FISCAL YEAR 1974		3. MILITARY CONSTRUCTION PROJECT DATA		4. DEPARTMENT OSD		5. INSTALLATION General Authorization	
6. PROPOSED AUTHORIZATION \$		7. PRIOR AUTHORIZATION P.L.		8. CATEGORY CODE NUMBER		9. PROGRAM ELEMENT NUMBER		10. STATE/COUNTRY CONUS And Overseas	
11. PROPOSED APPROPRIATION \$ 1,000,000		12. BUDGET ACCOUNT NUMBER		13. PROJECT NUMBER		14. PROJECT TITLE Planning		15. NM CM RM	

SECTION A - DESCRIPTION OF PROJECT					SECTION B - COST ESTIMATES					
16. TYPE OF CONSTRUCTION		17. PHYSICAL CHARACTERISTICS OF PRIMARY FACILITY			18. PRIMARY FACILITY Planning		U/M	QUANTITY	UNIT COST \$ IS	COST (\$000) \$ 1,000
a. PERMANENT		a. NO. OF BLDGS			a.			()		()
b. SEMI-PERMANENT		b. NO. OF STORIES			b.			()		()
c. TEMPORARY		c. LENGTH			c.			()		()
		d. WIDTH			d.			()		()
		e. DESIGN CAPACITY			e.			()		()
		f. GROSS AREA			f.			()		()
		g. COOLING CAP.			g.			()		()
		h. COST (\$)			h.			()		()
19. TYPE OF WORK		20. DESCRIPTION OF WORK TO BE DONE			21. SUPPORTING FACILITIES					\$
a. NEW FACILITY		This item provides for planning and preparation of final plans and specifications for construction items for DoD Agencies including, when required, land appraisals, overall engineering investigations and feasibility studies of Department of Defense problems.			a.					()
b. ADDITION					b.					()
c. ALTERATION					c.					()
d. CONVERSION					d.					()
e. OTHER (Specify)					e.					()
16. REPLACEMENT					f.					()
17. TYPE OF DESIGN					g.					()
a. STANDARD DESIGN					h.					()
b. SPECIAL DESIGN					i.					()
c. DRAWING NO.					j.					()
					22. TOTAL PROJECT COST					\$ 1,000

SECTION C - BASIS OF REQUIREMENT			
23. QUANTITATIVE DATA (U/M)		24. REQUIREMENT FOR PROJECT	
a. TOTAL REQUIREMENT		The estimated costs for projects do not include any amounts for feasibility studies, preliminary engineering or final plans and specifications. The accomplishment of the necessary engineering services in connection with the Defense Agencies construction program is contingent on the provision of funds proposed by this item.	
b. EXISTING SUBSTANDARD ()			
c. EXISTING ADEQUATE			
d. FUNDED, NOT IN INVENTORY			
e. ADEQUATE ASSETS (C + D)			
f. UNFUNDED PRIOR AUTHORIZATION		AUTHORIZED FUNDED	
g. INCLUDED IN FY PROGRAM			
h. DEFICIENCY (a - e - f - g)			
25. RELATED PROJECTS			

469

Mr. PATTEN. Would you like to read your statement?

Mr. GAARDSMOE. If you wish, we can insert this for the record for purposes of moving the hearing along.

Mr. PATTEN. All right. We will also insert your biographical sketch.

BIOGRAPHY OF JOHN N. GAARDSMOE

Mr. Gaardsmoe was born on May 1, 1928, in Kenmore, N. Y. He was educated in the State of Pennsylvania public school system, attended the University of Scranton, and is a 1956 graduate of the George Washington University, Washington, D. C., where he majored in accounting.

Mr. Gaardsmoe has been with the Office of the Assistant Secretary of Defense (Comptroller) for approximately 10 years. For the past 3 years he has served as a budget analyst in the directorate for construction, and for 7 years prior to that, with the directorate for program and financial control as an analyst in cost and management systems pertaining to the 5-year defense program. Other prior Federal service includes 1 year with the National Aeronautics and Space Administration as a contract price analyst, and 10 years with the U.S. Navy Department, 6 of which were spent in contract cost analysis, principally in the areas of aircraft and missile procurement, and prior to that, 4 years in fiscal accounting. Mr. Gaardsmoe is married and the father of two children. He and his family reside in Falls Church, Va.

STATEMENT OF JOHN N. GAARDSMOE, DIRECTORATE FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

[The statement follows:]

Mr. Chairman and members of the committee:

My name is John Gaardsmoe. I am a member of the staff of the directorate for construction, Office of the Assistant Secretary of Defense (Comptroller). I appreciate this opportunity to discuss our proposed programs for emergency construction, planning and minor construction.

EMERGENCY CONSTRUCTION

I will start with emergency construction. As was mentioned earlier in this hearing we are not requesting additional funds for fiscal year 1974, but are estimating a program requirement, or usage, of \$30 million which is to be financed from available prior-year funds.

As you know, funds authorized and appropriated for emergency construction provide the Secretary of Defense with flexibility to authorize construction in support of unforeseen operating requirements when the requirement has been determined to be vital to the security of the United States. While requirements of this type were heaviest during the peak of Southeast Asia activity, we are still confronted from time to time with previously unforeseen national security problems, not necessarily Southeast Asia related, which involve construction requirements and immediate attention. Emergency construction funding is sometimes our only recourse. The availability of this authority and flexibility is extremely important to the Department of Defense.

We have imposed strict controls over the use of these funds to assure that they are used only under the most compelling conditions, and when no other alternative is available. Each emergency project submitted to us for consideration must be justified in accordance with criteria specified in Department of Defense directive No. 4270.32 which was issued specifically to establish procedures governing the use of emergency construction funds. These justification procedures include: A thorough examination of the factors bearing on the construction requirement to assure that it qualifies as being vital to national security; a determination that the project cannot be deferred for regular programing; and a determination that it cannot be reprogramed under other emergency construction authority provided the secretaries of the military departments in the annual military construction authorization acts. Projects which qualify under these criteria require the written specific approval of the Secretary of Defense or his Deputy. The Secretary immediately notifies the chairmen of the House and Senate Committees on Armed

Services and Appropriations of each such use of this authority and the facts pertaining thereto.

We feel that the review procedures we have followed have held the use of emergency construction funds to the minimum necessary to meet bona fide contingency situations. We feel that this critical approach has been the strongest contributing factor in stretching our previously approved resources so that it is not necessary to seek additional appropriations for fiscal year 1974.

PLANNING

Our \$1 million estimate for planning is at the same level as programed for the past 4 years for requirements of the agencies. During fiscal year 1973 we allocated slightly over \$1 million in planning funds and to date have allocated approximately \$200,000 against the fiscal year 1974 program. We feel that the \$1 million requested should see us through fiscal year 1974 with some small margin for safety.

MINOR CONSTRUCTION

Our fiscal year 1974 request for minor construction funds is \$1 million. Because of a surge of urgent minor construction requests submitted in late fiscal year 1973 we are now certain that the fiscal year 1974 request will be inadequate to cover requirements for the year. During fiscal year 1973 qualified minor construction projects totaling in excess of \$1.8 million were submitted. Unfortunately, the bulk of this request, almost \$1 million was received by us after the fiscal year 1974 President's budget had been submitted to Congress which precluded adjusting the program. We were able to fund \$1.3 million of these requirements from within funds available in fiscal year 1973. The balance, approximately \$500,000, was deferred and has since been approved for fiscal year 1974 funding under authority of the joint continuing resolution. Consequently, our current unallocated balance for minor construction is about \$520,000 which we feel is inadequate to cover practically a full years requirements. In view of this situation, are we preparing a reprogramming request to increase our minor construction account by \$500,000. If this request is approved by the Congress it will restore the program to the approximately \$1 million level we feel is needed to cover operational urgent requirements for fiscal year 1974.

Mr. Chairman, this completes my statement. I will attempt to answer any questions you may have.

EMERGENCY CONSTRUCTION

Mr. PATTEN. Are there plans to utilize any of your presently available funds for emergency construction in Southeast Asia?

Mr. GAARDSMOE. There is one project under consideration, sir. It is for strategic communications for the Army security service in that region, but it is in no way related to the Southeast Asia conflict.

I do not have particulars and details on this requirement. If you would like more information, I could ask General Wood of the National Security Agency to provide it.

Mr. PATTEN. I don't think so.

UNOBLIGATED BALANCES

What is the unobligated balance in this account as of the last reporting date?

Mr. GAARDSMOE. The most recent actuals are for May 31, 1973. I don't have those figures with me. I have preliminary figures for June 30 if you wish to have these.

Mr. PATTEN. How much are they? We would like to have that figure.

Mr. GAARDSMOE. Yes, sir. Emergency construction \$54,400,000; minor construction \$800,000; planning—I would like to give a somewhat qualified answer on that. We have a total estimated unobligated balance of \$2.8 million. However, in the fiscal year 1973 program we

had \$1.9 million approved in the program which is for the planning effort for the Armed Services University of the Health Sciences. That is really not a defense agency requirement.

These funds have not yet been allocated and are reflected, of course, in the unobligated balance which tends to overstate it. The part that applies really to requirements of the agencies is \$900,000, sir.

Mr. PATTEN. Do you expect to pick up any other moneys as a result of deobligations?

Mr. GAARDSMOE. Each year along about the early September timeframe we go through a screening of the program. The purpose of this is to recoup any prior year unobligated balances which are no longer required by the individual agencies. We have to have financially completed the projects that were funded in those programs and so forth.

The amounts that are recouped are typically small, but I have no way of anticipating the exact amount, sir.

PRIOR-YEAR OBLIGATIONS

Mr. PATTEN. What has been your average obligation for the past 3 years?

Mr. GAARDSMOE. For emergency construction about \$11.3 million, for planning about \$1,150,000, for minor construction about \$820,000.

Mr. PATTEN. Any questions on my right?

Mr. LONG. Yes. You have a \$30 million request, but you have a \$54 million unobligated balance.

Mr. GAARDSMOE. Yes, sir.

Mr. PATTEN. Well, that is qualified though. I would like to understand it fully.

Mr. LONG. Yes. I am not sure I fully understand that.

These are projects that are needed down the road and you have the money set aside, but you just haven't legally obligated these projects. Is that it?

Mr. GAARDSMOE. You are talking now to the emergency construction fund, sir?

Mr. LONG. Yes.

Mr. PATTEN. We are talking about the \$54 million.

Mr. GAARDSMOE. Yes, sir. That is totally emergency construction funding and this is not for specific known projects. This is money that has been appropriated for unforeseen requirements.

Mr. LONG. Unforeseen?

Mr. GAARDSMOE. Yes, sir. If these were things we knew about in advance we would have requested line item authorization in the regular part of the program.

Mr. LONG. What is the \$30 million for?

Mr. GAARDSMOE. The \$30 million is just an estimate of what we might expect to have come up in terms of requirements in the fiscal year 1974 time frame. We have no way of specifically quantifying in advance what this requirement will be because, as I mentioned, it is for the unforeseen thing, the contingency thing that develops.

Mr. LONG. In other words, you would like to have \$84 million?

Mr. GAARDSMOE. No, sir. We are not requesting any money this year. This \$30 million program for fiscal year 1974 would be financed from within the unused prior year balance, \$54 million.

Mr. LONG. From the \$54 million?

Mr. GAARDSMOE. Yes.

Mr. LONG. That is what I was trying to find out. What are the anticipated projects? Do you have any?

PROJECTS IDENTIFIED

Mr. GAARDSMOE. Yes, sir. There are three which are currently under review within the Office of the Secretary, but these have not been completely staffed and have not been sent to the Secretary for his decision.

The one I mentioned earlier, the strategic requirements project for the Army Security Service, is \$2.8 million.

Mr. LONG. Where is that?

Mr. GAARDSMOE. It is in the Southeast Asia area. I am not sure whether—

Mr. LONG. Where in Southeast Asia?

Mr. NICHOLAS. Is the location classified?

General WOOD. I don't believe it is a classified location. It is in Thailand.

Mr. LONG. That is \$2.8 million?

Mr. GAARDSMOE. Yes, sir.

Mr. LONG. Did you say Air Force?

General WOOD. No, sir, it is an ASA, Army Security Agency requirement.

Mr. GAARDSMOE. There is another Army requirement which is under consideration and this is for improvement of security for ammunition storage in Europe at various locations. The total for this is \$13.6 million.

Mr. LONG. For making your ammunition dumps more secure?

Mr. GAARDSMOE. Yes, sir. There is a problem with dissidents breaking in and misappropriating arms and ammunition.

Mr. LONG. Who?

Mr. GAARDSMOE. Dissidents.

Mr. LONG. What has happened? Have they had any losses?

Mr. GAARDSMOE. There have been incidents, I understand. I don't know specifically how many but I understand there have been quite a few.

Mr. LONG. You mean to say you have unguarded ammunition?

Mr. GAARDSMOE. This is not unguarded. I guess it is the changing conditions, sir, that security provisions that were good at one time no longer hold today.

Mr. LONG. You mean a couple people out there might not be enough; right?

Mr. GAARDSMOE. Yes, sir.

Mr. LONG. What has made you feel that way? Have there been some incidents?

Mr. GAARDSMOE. Yes, sir, there have.

Mr. LONG. Can you tell us the nature of them?

Mr. GAARDSMOE. Well, as I understand it, there have been incidents of intruders getting past the existing guards or fences and what have you and literally stealing ammunition, small arms, things like that.

Mr. LONG. \$13 million is a lot of money. Can't you just add a couple of guards?

Mr. GAARDSMOE. It is for a large number of locations over there, sir. I am sure this has been studied out by the Army and that what they have proposed is the most economical approach.

Mr. LONG. Where are some of the others?

Mr. GAARDSMOE. There is one other, sir, and that is \$1 million for corrections of defects in our petroleum, oil, and lubrication storage facilities in Japan.

Back in about the middle of fiscal year 1972 we transferred \$6.8 million to the Navy and the requirement was to overcome some pretty serious deficiencies we had there. We had serious potential problems with fire hazards and oil leaking into Tokyo and Sasebo Bays.

Mr. LONG. \$6.8 million?

Mr. GAARDSMOE. Yes; that was the original amount transferred. Now, along with devaluation of the dollar, the yen has floated. This project was funded on the basis of about a 300-to-1 conversion ratio, yen to dollars, and the yen has floated down. I don't know what the ratio is right now but it is approaching about 250-to-1, which is, of course, a shrinkage of almost 20 percent in the buying power of the dollars that we had approved for this purpose. The Navy is going to need approximately \$1 million in additional funds to pay off the cost of this construction at current exchange rates.

IMPACT OF DEVALUATION

Mr. LONG. Incidentally, there are many people who feel that the dollar is very greatly undervalued because of many things that are happening in the United States, and personally I feel it has to be because our price level has been going up a lot slower than these other countries. We have had a speculative situation in the last few years which has made a run on the dollar, and it has been a speculators' field day.

I am not making any predictions, but what would happen if we had a sudden turnaround and people began to realize that the dollar was undervalued—and then the dollar began to move very rapidly in the other direction? What happens to all these moneys that we are voting to compensate for dollar devaluation?

Mr. PATTEN. Is this in your line?

Mr. GAARDSMOE. It is a pretty broad question and I am not sure I would like to get into that.

Mr. PATTEN. Secretary Shultz wouldn't make any predictions. I don't know why you should. He was hedging the other day when he was asked a similar question.

Mr. LONG. Nobody in his right mind would make any predictions in economics. At least I learned enough about economics to know that. All I am asking is what your policy would be if the dollar began resurgence and a lot of the money that we voted to you because of devaluation should turn out to be unnecessary, if the dollar really leaped ahead, relative to these other currencies—Japanese, and German, and so on?

Mr. GAARDSMOE. Sir, as a matter of fact, with regard to this particular project in Japan, the Navy request was submitted a couple

of months back. We looked it over and asked the Navy to come in with a projected time-phased spendout, how and when they actually expected to pay the costs incurred on this requirement. From the data they gave us we were able to determine that we would not have to take action on this particular request until about January 1974. What we were trying to do was to avoid making a hasty decision, and hope that by the time we do make it that conditions would stabilize so that we could be much more precise in the amount of money we made available for this requirement. We hope that monetary conditions will stabilize and that we will have a good final price on this project.

PRIOR-YEAR FUNDING

Mr. LONG. With the end of the Vietnam war, are we getting a substantial reduction in annual requests for emergency construction? What was the request last year?

Mr. GAARDSMOE. Our request last year was \$30 million and \$17.5 million was approved, authorized, and funded.

Mr. LONG. And the year before?

Mr. GAARDSMOE. I believe our authorization was \$10 million and funding was \$5 million.

Mr. LONG. It does seem to me that our biggest emergency has been the Vietnam war, yet your requests for emergency construction are going up.

How can that be justified?

Mr. GAARDSMOE. Actually, sir, we are not really requesting any new funds for the fiscal 1974 program. Since we had this large amount available from prior years we just had to make the best estimate we could for purposes of budget planning for fiscal 1974, and as we have indicated, this amount would be financed from those prior-year funds.

Mr. LONG. Perhaps you can give us for the record a list of the total amounts that we have had in this fund, not the amount that we are being asked to appropriate or reprogram but the total amount—maybe you can give them to us now—in your emergency fund?

Mr. GAARDSMOE. I am sorry, sir, I don't have the information with me, but I will provide it for the record.

[The information follows:]

FUNDS APPROPRIATED FOR EMERGENCY CONSTRUCTION SINCE FISCAL YEAR 1966 (YEAR OF INCEPTION)

Fiscal year	Public Law	Millions
1966.....	89-202	\$50.0
1966 (supplemental).....	89-374	200.0
1968.....	90-180	100.0
1969.....	90-513	70.0
1970.....	91-170	17.5
1971.....	91-544	35.0
1972.....	92-160	5.0
1973.....	92-547	17.5
Total.....		495.0

Mr. LONG. All right, I would hate to think that that emergency fund is going up all the time in spite of the fact that our emergencies, as we would hope, are going down.

NEED FOR EMERGENCY FUND

Short of hostile fire situations, is there any need for construction projects which are not submitted for congressional approval in the military construction bill?

In other words, I am asking why have an emergency fund at all? Why not just come to Congress for this money?

Mr. GAARDSMOE. This fund covers, sir, the type of requirement that we can't anticipate in advance. In my prepared statement I have gone somewhat into the background of that and the procedures we use in reviewing these. We have other emergency construction authority normally provided in the annual military construction authorization acts. This is a provision which allows—well, recent figures have been \$10 million per service to fund unforeseen requirements.

Mr. LONG. The thing you are talking about doesn't strike me as being emergency-related stuff. It just strikes me as being a different type of military construction, because you are looking ahead a couple of years. What is the nature of the emergency? To me an emergency means a surprise, something unforeseen, that comes up during the year.

But you are talking about things that are not surprises at all.

Mr. GAARDSMOE. It is the type of requirement, sir, that usually involves considerable risk in waiting. Once it is identified, to wait and put it into a regular military construction program and to go through the authorization and funding process—

Mr. LONG. How are the three projects you have identified different from any other type of military construction?

Mr. GAARDSMOE. All I can say is the risk factor, sir. In the case of the POL storage in Japan there were serious fire and pollution hazards involved. We were in danger of getting into trouble with the Japanese.

Mr. LONG. You said you are not going to be doing this for a couple of years.

Mr. GAARDSMOE. No, sir; the work that is approved under the emergency construction authority must be undertaken right away. If they don't start it in 6 months they have derogated their qualification of urgency on it.

Mr. LONG. Do you start this a little quicker if it is emergency money?

Mr. GAARDSMOE. Absolutely, sir.

Mr. LONG. How much quicker?

Mr. GAARDSMOE. A project is required to be started within 6 months after it is approved. That allows enough time to complete final design on the work.

Mr. LONG. You come to Congress for approval of it?

Mr. GAARDSMOE. Not prior approval, sir, but the chairmen of the Committees on Armed Services and Appropriations are notified immediately by the Secretary of Defense of any project he approves, with all the facts behind the problem.

Mr. LONG. Well, I have great respect for our chairmen, but I do think these notifications ought to come before the full committee.

In 1969 DOD directed the Air Force to construct a Thai battalion base at Nakhon Phanom by reprogramming \$750,000 of fiscal 1968 funds in lieu of the Air Force request to use contingency funds.

Under law, may you use either the emergency construction funds or reprogramming authority to assist foreign governments?

Mr. GAARDSMOE. I believe the answer would be "Yes, sir"; but we use the emergency construction funds only when there is no other alternative available. We look for every other possible alternative before we consider the use of emergency construction.

Mr. LONG. I have no other questions, Mr. Chairman.

Mr. PATTEN. Mr. Davis?

UNOBLIGATED BALANCE

Mr. DAVIS. This \$30 million is similar to the amount that you had in fiscal 1973, is it?

Mr. GAARDSMOE. Yes, sir, it is.

Mr. DAVIS. How much of the \$30 million for 1973 was actually obligated?

Mr. GAARDSMOE. We approved no requirements in fiscal 1973, no projects, no money transfer.

Mr. DAVIS. So you entered the current fiscal year—was that figure \$54 million? Is that correct?

Mr. GAARDSMOE. Yes, sir; \$54.4 million.

Mr. DAVIS. And this emergency fund was set up how long ago? Was it during the Vietnam conflict?

Mr. GAARDSMOE. The first year was fiscal year 1966.

NATO RESPONSIBILITY FOR SECURITY FENCING

Mr. DAVIS. What about such things as security fencing for ammo in Europe? Would any part of that be eligible for NATO funding?

Mr. GAARDSMOE. Not if it is a dedicated U.S. requirement, sir. There are certain things that qualify under NATO cost-sharing criteria and others do not. I am not, unfortunately, familiar with the details of that.

Mr. DAVIS. Would you check for us and give us a report for the record here as to whether security fencing for operational equipment or ammunition would be eligible for NATO funding?

Mr. GAARDSMOE. Yes, sir.

[The information follows:]

Under NATO procedures, when a construction category is approved for NATO common funding, approval includes provision for a useable facility as defined by NATO criteria, including security fencing. Construction categories currently approved for NATO funding include:

- (a) Special ammunition storage (SAS)—nuclear.
- (b) Surface to surface missiles (SSM)—Pershing.
- (c) Surface to air missiles (SAM)—Hawk.
- (d) Controlled humidity storage, unit sets of equipment for forces to be deployed from the United States.

NATO is in the final stages of approving forward storage sites as a category eligible for NATO common funding. Determination as to which sites will qualify for this category is expected shortly. We believe some of the present U.S. ammunition storage points (but not depots) and several new sites that will replace some existing U.S. sites will pass from United States to NATO control and qualify for NATO funding.

It is important that we recognize that approval of a construction category for NATO common funding does not guarantee that any given proposed project will be approved by NATO or, if approved, will be completed by the time it is required. The NATO program-funding process is a multicountry time-consuming procedure. Each proposed project must be evaluated as to relative priority against a large backlog of unfunded projects. Approval by country representatives at the Secretary of State/Defense level must be obtained before any project is included in a NATO slice program. The host country must convince the NATO payments and progress (P. & P.) Committee that plans and design have been developed in accordance with NATO criteria and to a degree which will permit contracting within a year, before the P. & P. committee will approve funding and contracting. Usually several years will be consumed in this process.

The committee is aware of an unfunded requirement of \$13 million for security construction for 2 ammunition storage depots and 23 ammunition storage points recently presented by the Secretary of the Army to the Secretary of Defense for consideration for funding under the Secretary of Defense Military Construction Contingency Authority. These security fencing requirements pertain to conventional ammunition storage sites which have long been, and are now, under U.S. control and are therefore not currently eligible for NATO funding. The Army and SHAPE are presently examining the status of ammunition depots and storage points for the purpose of determining which of these sites, if any, should be placed under NATO control. It is possible that some of the 23 ammunition storage points—but not the depots—in question may be placed under NATO control and become eligible for NATO funding.

In presenting the requirement to the Secretary of Defense, the Secretary of the Army states that these U.S. Army ammunition storage areas are highly vulnerable to breakins and pilferage and advises that this highly dangerous situation was highlighted in a recent inspection by a DOD team which included representatives of the military services, Joint Chiefs of Staff, and the DOD Explosives Safety Board. He notes a marked increase in recent months in recorded intrusions and theft from these sites and that many are suspected to be the work of organized terrorist or dissident groups; expresses concern as to the security of our forces and the interest of the United States; and in view of the increasingly critical and urgent nature of the requirement requests that contingency authority and funds be provided to permit prompt construction of security fencing and related items. Based on the information presented, the OSD staff recognizes the validity of the requirement but has requested additional information as a basis for determining the eligibility of the requirement for contingency funding. Recoupment of U.S. funds utilized for these requirements will be promptly sought in the event any of these sites are approved for contingency funding and are placed under NATO control and qualify for NATO common funding.

PRIOR FUNDS TO BE USED

Mr. DAVIS. I am a little curious at your requesting \$30 million when that was the amount you had last year and you didn't feel it was necessary to spend any of it. Couldn't you live with what you already have here rather than getting any new money into this fund?

Mr. GAARDSMOE. This is really what we are doing, sir. We are not requesting any money for this year. This year's program is being entirely financed from the money that was made available in prior years for the same purpose.

Mr. LONG. So if you spend this you will be down to \$24 million?

Mr. GAARDSMOE. Yes, sir.

Mr. NICHOLAS. If you spend \$30 million, you still have \$24 million available for fiscal year 1975?

Mr. GAARDSMOE. That is correct.

Mr. DAVIS. I don't know whether you are the man to ask for this or not, but I think we ought to have some suggested language here in light of what my colleagues have developed on this matter, some suggested rescission language. Is your shop the place to provide that information to us?

Mr. GAARDSMOE. I am not quite sure what you mean, sir, by rescission language.

Mr. DAVIS. Language that would rescind the \$30 million in light of the fact that you obviously haven't demonstrated a requirement for it.

Mr. GAARDSMOE. Well, the projects I just mentioned, sir, \$17.4 million in total, would have to be funded from within this \$30 million program that we are talking about for fiscal 1974 because that would be the timeframe in which these would be approved.

Mr. DAVIS. You have \$24 million more than that, haven't you?

Mr. GAARDSMOE. Actually it is a total of \$54 million, but—

Mr. DAVIS. I am speaking of this \$24 million. That is all, Mr. Chairman.

Mr. LONG. Mr. Chairman.

Mr. PATTEN. Mr. Long.

UTILIZATION OF FUNDS

Mr. LONG. How long has this emergency fund been in existence?

Mr. GAARDSMOE. Since fiscal year 1966.

Mr. LONG. Since 1966?

Mr. GAARDSMOE. Yes, sir.

Mr. LONG. I wonder if we could get in the record the annual breakdown of just what projects and how much has been spent in each year down to the present time?

Mr. GAARDSMOE. Yes, sir.

Mr. LONG. So we will get the record of just how this has been done.

Mr. GAARDSMOE. Yes, sir.

Mr. DAVIS. I assume a substantial part of that is going to be classified.

Mr. LONG. If it is classified, then all right.

Mr. DAVIS. I think it is a reasonable request that we should have for the record—

Mr. PATTEN. The dollars?

Mr. DAVIS. The unclassified items and that—

Mr. LONG. And a statement where it is classified.

Mr. DAVIS. And a statement where it is classified, and in classified cases I think we should have a letter for Mr. Nicholas that we would have an opportunity to examine.

Mr. LONG. That I think will help us understand this.

Mr. GAARDSMOE. For the record I will provide the breakdown you have requested. I will indicate classified location if that is necessary for a project and I will provide Mr. Nicholas with the other.

Mr. DAVIS. I think that will do it.

POSSIBLE PROGRAM REDUCTIONS

Mr. LONG. And I think you could provide, too, following on something I said a little earlier, some idea—in view of the Vietnam war situation being over—whether we couldn't get along in the future with a smaller emergency fund.

Mr. GAARDSMOE. Yes, sir.

[The information follows:]

MILITARY CONSTRUCTION, DEFENSE AGENCIES UTILIZATION OF EMERGENCY CONSTRUCTION FUNDS SCHEDULE OF TRANSFERS

Fiscal year 1966:

To Military Construction, Army—South Vietnam:	Thousands
Logistic and port facilities.....	\$4, 000
Troop housing.....	800
Logistic depot.....	1, 900
Cantonment and communications facility.....	2, 300
Convalescent hospital.....	1, 900
MACV consolidated support facility.....	8, 500
Utilities, various locations.....	4, 000
Subtotal, Army.....	23, 400
To Military Construction, Navy—South Vietnam:	
Seadrome dredging and POL facilities.....	4, 000
Utilities.....	1, 200
Aircraft revetments.....	1, 400
Marine air wing operations and support facility.....	1, 800
Naval Support Activity, communications and support facilities.....	4, 700
Subtotal, Navy.....	13, 100
To Military Construction, Air Force—South Vietnam:	
Aircraft maintenance hangar.....	500
Airmen's dormitory and mess.....	1, 200
Aircraft runways/taxiways.....	10, 900
Combat operations facility.....	900
Subtotal, Air Force.....	13, 500
Total transfers, fiscal year 1966.....	50, 000

Fiscal year 1967:

To Military Construction, Army:	
South Vietnam:	
Additional port facilities.....	26, 100
Relocation of Army units from Saigon.....	7, 500
Construction of facilities to support Free World Military Assistance Forces.....	5, 100
Funding to support that part of approved construction program assigned to cost-plus-award fee contractor.....	33, 900
Subtotal, South Vietnam.....	72, 600
Europe:	
Relocation of U.S. Forces from France:	
Facilities required to relocate approximately 55,000 tons of stock from France.....	5, 000
USCINCEUR Command and Control Center, Stuttgart, Germany.....	2, 932
Relocation of headquarters facilities for EUCOM, COMZ and Supply and Maintenance Agency.....	2, 942
Relocation of personnel and materiel facilities from France.....	4, 327
Subtotal, Europe.....	15, 201
Conus:	
Training base expansion.....	13, 300
Anti-ballistic missile system.....	6, 000
Joint task force construction support.....	342
Subtotal, Conus.....	19, 642
Subtotal, Army.....	107, 443

MILITARY CONSTRUCTION, DEFENSE AGENCIES UTILIZATION OF EMERGENCY CONSTRUCTION FUNDS SCHEDULE OF TRANSFERS—continued

Fiscal year 1967—Continued

To Military Construction, Navy:

South Vietnam:

Mekong Delta, Mobile Afloat Force.....	1,700
Construction in support of Big Look Aircraft.....	900
Funding to support that part of approved construction program assigned to cost-plus-award fee contractor..	17,900

Subtotal, South Vietnam..... 20,500

Conus: Mekong Delta, Mobile Afloat Force (Training Facility, Mare Island, Calif.).....	800
--	-----

Subtotal, Navy..... 21,300

To military construction, Air Force:

South Vietnam:

Construction of air base at Tuy Hoa.....	26,657
Funding to support that part of approved construction program assigned to cost-plus-award fee contractor....	25,200

Subtotal, South Vietnam..... 51,857

Thailand:

Cost overruns for construction in Thailand.....	9,400
Joint task force construction support.....	10,000

Subtotal, Thailand..... 19,400

Subtotal, Air Force..... 71,257

Total transfers, fiscal year 1967..... 200,000

Fiscal year 1968:

To military construction, Army—(all South Vietnam):

Civilian war casualty hospitals.....	7,300
Lines of communication (roads).....	16,700
Americal Division facilities.....	2,400
Dredging/waterfront facilities.....	4,100
Upgrade civilian war casualty hospitals.....	1,700
Transfer of construction from troop to contractor.....	7,400

Subtotal, Army..... 39,600

To military construction, Navy—(all South Vietnam):

Airfield facilities.....	2,900
Port facilities.....	1,300
Maintenance and support facilities.....	3,300
Battle damage to aircraft maintenance and ammunition storage facilities.....	1,800
Transfer of construction from troop to contractor.....	7,000

Subtotal, Navy..... 16,300

To military construction, Air Force:

South Vietnam:

Aircraft shelters.....	10,000
Aircraft parking apron.....	2,100
Airmen dormitories.....	1,100

Thailand: Airfield facilities..... 8,500

Subtotal, Air Force..... 21,700

Total transfers, fiscal year 1968..... 77,600

MILITARY CONSTRUCTION, DEFENSE AGENCIES UTILIZATION OF EMERGENCY CONSTRUCTION FUNDS SCHEDULE OF TRANSFERS—continued

Fiscal year 1969:

To military construction, Army:	
ASA border sites, additional facilities	4, 507
AOC CDCC construction	2, 200
Ammunition port facilities (Korea)	2, 400
Munitions storage facilities (United Kingdom)	541
Subtotal, Army	9, 648
To military construction, Navy—Loran C Station, Southeast Asia	5, 226
To military construction, Air Force:	
TAB VEE program	32, 736
Ammunition storage and aerial port facilities (Europe)	7, 881
Classified space program	8, 546
Subtotal, Air Force	49, 163
Total transfers, fiscal year 1969	64, 037

Fiscal year 1970:

To military construction, Army:	
Confinement facilities, CONUS	8, 372
Command post, Korea	3, 729
Subtotal, Army	12, 101
To military construction, Navy:	
Operational facilities at Adak and San Miguel	1, 579
PACOM ELINT center, Hawaii	475
Construction of beach groin, Cape Hatteras, N.C.	971
Subtotal, Navy	3, 025
Total transfers, fiscal year 1970	15, 126

Fiscal year 1971:

To military construction, Army:	
Explosive barricades, Caerwent ammunition depot, United Kingdom	594
Operation red hat, storage facilities, Johnston Island	12, 000
Subtotal, Army	12, 594
To military construction, Navy—Troop housing, Marine Corps Air Station, Iwakuni, Japan	2, 973
To military construction, Air Force:	
Aerial port facilities, Ramstein and Zweibrucken Air Bases, Germany	2, 600
Operational facilities, Kunsan and Osan Air Bases, Korea	2, 572
Subtotal, Air Force	5, 172
Total transfers, fiscal year 1971	20, 739

Fiscal year 1972:

To military construction, Navy:	
Loran C station, Europe	3, 150
Support facilities, Midway Island	3, 144
Rehabilitate POL facilities, Japan	6, 775
Subtotal, Navy	13, 069
Total transfers, fiscal year 1972	13, 069
Total transfers, fiscal year 1966 to date	440, 571

An annual program of \$30 million in the emergency construction fund is considered to be a reasonable amount to provide the Secretary of Defense with a needed flexibility in addressing contingency requirements that may arise during the year. It is not intended to imply that the Department would expect to fund emergency requirements at this level each year; to the contrary, we would continue, as we have, to examine every other alternative prior to using emergency funds. The unforeseen and emergency nature of requirements funded from this account make it impossible to forecast in advance precise amounts which might be required. An annual program level of \$30 million is considered, under present world conditions, a practical minimum. A lesser program could jeopardize the Department's capability to react to contingency situations, and should an unusual number arise, this could well be insufficient.

As was indicated earlier, the fiscal year 1974 program is to be financed entirely from prior year carryover funds with no new appropriation being requested. We expect to continue this policy in future years—that is, to take into account the availability of prior year funds for this purpose, and to request appropriations only for the difference required to sustain this account at a \$30 million level.

DEFENSE AGENCIES, FAMILY HOUSING

WITNESSES

CHESTER D. OKERLUND, DEPUTY DIRECTOR, DIRECTORATE FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

ROBERT S. ALLEN, STAFF CIVIL ENGINEER, DEFENSE MAPPING AGENCY

WILLIAM S. BONGIOVANNI, CHIEF, FACILITIES PLANNING BRANCH, INSTALLATIONS AND SERVICES DIRECTORATE, DEFENSE SUPPLY AGENCY

WILLIAM J. CLEARY, COMPTROLLER, DEFENSE INTELLIGENCE AGENCY

BRIG. GEN. THOMAS B. WOOD, U.S. AIR FORCE, CHIEF OF INSTALLATIONS AND LOGISTICS, NATIONAL SECURITY AGENCY

Mr. PATTEN. I think we will now hear from Mr. Okerlund, Deputy Director on Housing, who will give us a statement, I believe. It is certainly short. It is all right with you if we just put it in the record?

Mr. OKERLUND. Yes, sir.

Mr. PATTEN. It seems to be concise and specific. Then we would be happy to hear from you if you have any comment.

Insert in the record the summary page.

[The summary follows:]

DEPARTMENT OF DEFENSE—DEFENSE AGENCIES, INDEX AND SUMMARY, FAMILY HOUSING, DEFENSE— FISCAL YEAR 1974 BUDGET

Construction	Program	Less: Reimbursements	Appropriation request
New construction: Defense Intelligence Agency.....	\$520,000		\$520,000
Minor construction: Defense Supply Agency.....	20,000		20,000
Total, construction.....	540,000		540,000
Operation and maintenance:			
Defense Mapping Agency.....	18,000		18,000
Defense Supply Agency.....	132,000	\$2,000	130,000
National Security Agency.....	304,000		304,000
Leasing:			
Defense Intelligence Agency.....	2,770,000		2,770,000
National Security Agency.....	661,000		661,000
Total, operation and maintenance (including leasing).....	3,885,000	2,000	3,883,000
Total, budget program, family housing, Defense.....	4,425,000	2,000	4,423,000

Insert Mr. Okerlund's biographical sketch in the record.
[The biographical sketch follows:]

Mr. Okerlund is Deputy Director of the Construction Directorate, Office of the Assistant Secretary of Defense (comptroller), program/budget. He has been employed by the OSD (comptroller) since 1963 and has primary responsibility for financial management of the family housing, Defense and Homeowners Assistance, Defense appropriation areas. Mr. Okerlund came to the Office of the Secretary of Defense after being employed by the Navy Department for several years in military construction programming. His educational background includes a master's degree in engineering administration.

And we will insert his statement in the record if there is no objection.

[The statement follows:]

STATEMENT OF CHESTER D. OKERLUND, DEPUTY DIRECTOR FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

Mr. Chairman and members of the committee, I appreciate the opportunity to meet with the committee in support of the "Military family housing, Defense Agencies" appropriation request in the amount of \$4,423,000. A total of \$3,883,000 is for operation and maintenance, including leasing, and the balance of \$540,000 is for construction.

Within the \$4,423,000 total, \$3,290,000 is requested for family housing expenses for Defense Intelligence Agency personnel stationed outside the United States. The Defense Intelligence Agency portion includes \$520,000 for the acquisition of 12 family units at overseas locations.

A total of \$965,000 is requested for support of National Security Agency personnel at classified locations.

The remainder of the request includes \$150,000 for housing of Defense Supply Agency personnel and \$18,000 for Defense Mapping Agency personnel. Housing for both the latter agencies is located in United States.

Representatives of the Defense agencies are present and are prepared to discuss their respective programs to the extent that you and the committee desire. Mr. Chairman, this concludes my statement.

PROGRAM COMPARISONS

How does the request for operation and maintenance compare to that provided last year?

Mr. OKERLUND. The fiscal year 1974 request is \$717,000 higher than the request of last year. I can describe the breakout of that by Agency. DSA is up \$7,000. The principal increase is for the Defense Intelligence Agency whose housing is located overseas and this totals \$467,000. The increase for NSA is \$225,000 and that for DMA is \$18,000.

The grand total is \$717,000.

Mr. PATTEN. How much have your operating costs grown in the last few years, and what are the principal reasons?

Mr. OKERLUND. The 1972 figure was \$191,000 less than that for 1973. A considerable part of the housing for Defense agencies is located overseas and the cost of leasing, in particular, has been going up each year prior to the recent major effect to the dollar devaluation.

Mr. PATTEN. Will this request be affected by the devaluations in the 1974 budget?

Mr. OKERLUND. The devaluation of the dollar does affect the cost we pay overseas.

Mr. PATTEN. Will there be sufficient funds available to cover your expenses for leasing and maintenance overseas?

Mr. OKERLUND. Things will be tight and we think we will be able to get by with what we have here. I would like to have the Defense Intelligence Agency representative and the NSA representative speak in detail to their particular parts.

Mr. PATTEN. To what extent will the feasibility of any of the leases or the construction requested here be affected by the cost increases overseas?

Mr. OKERLUND. I have spoken to leases where the costs have been going up every year, plus the effect of the dollar devaluation. We will have problems in the major construction item which is also in the DIA program so I would suggest they speak to the specific details on that construction project.

Mr. PATTEN. Are there any questions on the statement?

DEFENSE MAPPING AGENCY

WITNESS

ROBERT S. ALLEN, STAFF CIVIL ENGINEER, DEFENSE MAPPING AGENCY

Mr. PATTEN. Let us turn to the Defense Mapping Agency.

Insert pages 1 through 3 in the record.

[The pages follow:]

DEPARTMENT OF DEFENSE—FAMILY HOUSING, DEFENSE, DEFENSE MAPPING AGENCY—FISCAL YEAR 1974 BUDGET, PROGRAM AND FINANCING

[Thousands of dollars]

	Fiscal year 1973	Fiscal year 1974
Operation and maintenance:		
Operating expenses.....	6	6
Maintenance.....	12	12
Total, operation and maintenance.....	18	18
Budget authority.....	18	18
Budget authority: Appropriation: Operation and maintenance.....	18	18

DEFENSE MAPPING AGENCY

1. NARRATIVE DESCRIPTION

a. *Operation.*—The operation portion of the Family Housing Program includes maintenance, repair and replacement of furnishings; utility services, except telephone services; other services such as refuse collection and disposal; and administrative support at installation level.

b. *Maintenance.*—The maintenance portion includes maintenance and repair of buildings and related utility systems, and incidental improvements including minor alterations and additions.

2. PROGRAM JUSTIFICATION

a. *Operation.*—Operating expenses for six family housing units at Defense Mapping Agency Aerospace Center, Jefferson Barracks, St. Louis, Mo., are expected to remain unchanged at \$6,000 during fiscal year 1973 and fiscal year 1974.

b. *Maintenance*.—The fiscal year 1974 request provides for normal repairs and maintenance, and for specific projects involving refinishing of hardwood floors, painting and replacing kitchen cabinets.

Fiscal year 1972 costs for operation and maintenance of these family housing units are not shown since they were financed as part of the Air Force inventory for that and previous years.

FAMILY HOUSING, DEFENSE, DEFENSE MAPPING AGENCY, OPERATIONS AND
MAINTENANCE FISCAL YEAR 1974 BUDGET ESTIMATE

	Fiscal year 1973 estimate		Fiscal year 1974 estimate	
A. Inventory data:				
Units in being beginning of year			6	6
Units in being at end of year			6	6
Average inventory for year requiring O. & M. funding:				
a. Conterminous United States			6	6
b. Outside United States			0	0
Total			6	6
	Total estimate	Unit cost	Total estimate	Unit cost
B. Funding requirement:				
1. Operations:				
a. Operating expenses:				
(1) Administration	0	0	0	0
(2) Services	\$1,000	\$120	\$1,000	\$120
(3) Utility operations	5,000	880	5,000	880
(4) Furnishings	0	0	0	0
Subtotal, gross obligations:				
Less anticipated reim-				
bursements	6,000	1,000	6,000	1,000
Subtotal, operations (appro-				
priated funds)	6,000	1,000	6,000	1,000
2. Maintenance:				
a. Maintenance and repair of dwellings ..	12,000	2,000	12,000	2,000
b. Maintenance and repair of other real				
property	0	0	0	0
c. Alterations and additions	0	0	0	0
Subtotal, maintenance (appropriated				
funds)	12,000	2,000	12,000	2,000
Grand total O. & M. expenses (in-				
cluding reimbursements)	18,000	3,000	18,000	3,000
Grand total O. & M. (1 and 2, above)				
(appropriated funds)	18,000	3,000	18,000	3,000

Note: Excludes leased units and costs.

Mr. PATTEN. You are seeking no new housing units. How many units of family housing do you have?

Mr. ALLEN. Sir, we have a total of six sets of quarters in three duplexes and that is the total we have within the agency.

Mr. PATTEN. Did you assume custody of these houses from another agency?

Mr. ALLEN. Yes, sir, we actually assumed them from the Air Force when the Defense Mapping Agency was formed. These were part of the Aeronautic Chart and Information Center which was an Air Force unit at St. Louis, that a year ago came under the Defense Mapping Agency.

Mr. PATTEN. Where are they located?

Mr. ALLEN. They are located at Jefferson Barracks Reservation south of St. Louis, about 8 miles south of our South Broadway offices.

Mr. PATTEN. What is the mission of your agency?

Mr. ALLEN. Sir, the Defense Mapping Agency mission is to provide mapping, charting, and geodetic support for all the DOD worldwide, and other organizations as appropriate. It is a combination of the old Aeronautic Chart and Information Center of the Air Force, at St. Louis, the Army's Topographic Command here on Brooks Lane, in Maryland, and a portion of Navoceano, the Navy's mapmaking portion of that, which we now call the Hydrographic Center. It also includes the topographic portion of the training down at the engineer school at Fort Belvoir.

It is now called the Defense Mapping School. Also transferred was the Inter-American Geodetic Survey in the Canal Zone.

DEFENSE SUPPLY AGENCY

WITNESSES

**WILLIAM S. BONGIOVANNI, CHIEF, FACILITIES PLANNING
BRANCH, INSTALLATIONS DIVISION, INSTALLATIONS AND SERVICES
DIRECTORATE**

HENRY ALBERT, OPERATIONS BUDGET DIVISION, COMPTROLLER

Mr. PATTEN. Let us turn to the Defense Supply Agency.

Insert pages 4 through 8 in the record.

[The pages follow:]

FAMILY HOUSING DEFENSE, DEFENSE SUPPLY AGENCY, FISCAL YEAR 1974 BUDGET—PROGRAM AND FINANCING

[In thousands of dollars]

	Fiscal year 1972 actual	Fiscal year 1973 estimate	Fiscal year 1974 estimate
Construction:			
Improvements.....	205		
Minor construction.....	18	33	20
Total construction.....	223	33	20
Operation and maintenance:			
Operating expenses.....	35	42	45
Maintenance.....	84	83	87
Total, operation and maintenance.....	119	125	132
Total.....	342	158	152
Less:			
Reimbursements—operation and maintenance.....	—2	—2	—2
Available from other years—construction.....	—20		
Reprogramming during year—construction.....	+2	—13	
Plus: Unobligated balance lapsing: operation and maintenance.....	+6		
Budget authority.....	328	143	150
Budget Authority Appropriation:			
Construction.....	205	20	20
Operation and maintenance.....	123	123	130
Appropriation (adjusted).....	328	143	150

¹ The appropriation request for operation and maintenance is in lump sum for the Department of Defense. The amount footnoted is within that total.

1. DATE 15 Feb 1973		2. FISCAL YEAR 1974		3. DEPARTMENT MILITARY CONSTRUCTION PROJECT DATA		4. INSTALLATION DEFENSE (DSA)		5. PROGRAM ELEMENT NUMBER		6. INSTALLATION VARIOUS CONUS INSTALLATIONS	
9. PROPOSED AUTHORIZATION \$ 20,000		5. PRIOR AUTHORIZATION P.L.		7. CATEGORY CODE NUMBER 711		8. PROGRAM ELEMENT NUMBER		9. STATE/COUNTRY VARIOUS LOCATIONS			
10. PROPOSED APPROPRIATION \$ 20,000		11. BUDGET ACCOUNT NUMBER		12. PROJECT NUMBER		13. PROJECT TITLE MINOR CONSTRUCTION		NM		CM RM	

SECTION A - DESCRIPTION OF PROJECT					SECTION B - COST ESTIMATES				
14. TYPE OF CONSTRUCTION					20. PRIMARY FACILITY MINOR CONSTRUCTION				
15. PHYSICAL CHARACTERISTICS OF PRIMARY FACILITY					U/M QUANTITY UNIT COST COST (\$000)				
					NA NA \$ 20				
16. NO. OF BLOSS NO. OF STORIES C. LENGTH D. WIDTH					A. PERMANENT B. TEMPORARY C. MODULAR D. OTHER (Specify)				
17. TYPE OF DESIGN					E. ADDITION F. ALTERATION G. CONVERSION H. OTHER (Specify)				
18. TYPE OF WORK					I. ADDITION J. ALTERATION K. CONVERSION L. OTHER (Specify)				
19. REPLACEMENT					M. ADDITION N. ALTERATION O. CONVERSION P. OTHER (Specify)				
21. SUPPORTING FACILITIES					Q. ADDITION R. ALTERATION S. CONVERSION T. OTHER (Specify)				
22. TOTAL PROJECT COST					\$ 20				

SECTION C - BASIS OF REQUIREMENT		
23. QUANTITATIVE DATA (U/M)		
24. RELATED PROJECTS		

This program provides for urgent minor alterations, additions-expansions-extensions, replacements to family housing or restorations of dwelling units or other family housing real property facilities damaged or destroyed beyond limits imposed or the use of maintenance and repair funds.

Limitations on use of these funds have been established by appropriate law (10 USC 2674) and the provisions of DoD Instruction 5100.37 of April 7, 1971, subject: Delegation of Authority (Military Departments and Defense Agencies) to Approve Family Housing Projects Performed Pursuant to 10 U. S. C. 2674 (Minor Construction).

February 15, 1973

FAMILY HOUSING, DEFENSE - DEFENSE SUPPLY AGENCY
OPERATION AND MAINTENANCE

EXCLUDES LEASED UNITS AND COSTS

	FY 1972 ACTUAL		FY 1973 ESTIMATE		FY 1974 ESTIMATE	
A. INVENTORY DATA						
Units in Being Beginning of Year	78		77		77	
Units in Being at End of Year	77		77		77	
Average Inventory for Year Requiring O&M Funding:						
a. Conterminous U. S.	78		77		77	
b. Outside U. S.	0		0		0	
c. Total	78		77		77	
B. FUNDING REQUIREMENT	TOTAL EST. ALL TYPES (\$000)	UNIT COST (\$)	TOTAL EST. ALL TYPES (\$000)	UNIT COST (\$)	TOTAL EST. ALL TYPES (\$000)	UNIT COST (\$)
1. OPERATION						
a. Management	0	0	0	0	0	0
b. Services	4.9	63	4.6	60	4.9	64
c. Utilities	26.2	336	31.4	407	33.7	437
d. Furnishings	4.8	62	6.0	78	6.4	83
Subtotal-Gross Obligations	35.9	461	42.0	545	45.0	584
Less: Anticipated Reimbursements	2.0	26	2.0	26	2.0	26
Subtotal, Operations (Appropriated Funds)	33.9	435	40.0	519	43.0	558
2. MAINTENANCE						
a. M&R Dwellings	65.3	837	72.7	944	75.5	981
b. M&R Exterior Utilities	3.9	50	2.3	30	3.5	45
c. M&R Other Real Property	13.2	169	7.0	91	6.7	87
d. Alterations & Additions	1.0	13	1.0	13	1.3	17
Subtotal, Maintenance (Appropriated Funds)	83.4	1069	83.0	1078	87.0	1130
3. GRAND TOTAL O&M EXPENSES (INCL. REIMB.)	119.3	1530	125.0	1623	132.0	1714
4. GRAND TOTAL O&M (1+2 ABOVE)(APPROPRIATED FUNDS)	117.3	1504	123.0	1597	130.0	1688

FISCAL YEAR 1974 BUDGET JUSTIFICATION

DEFENSE SUPPLY AGENCY

1. Narrative Description

A. Operation.—The operation portion of the family housing program includes the initial outfitting, maintenance, repair, and replacement of furnishings (including furniture and movable household equipment authorized by DOD Instruction 4165.43 and DOD Directives 1100.2 and 7140.1) and other Government-owned personal property where applicable; furnishing of utility services, except telephone services; and furnishing of housekeeping services such as refuse collection and disposal, custodial services, entomological services, snow removal, street cleaning, handling and moving of Government-owned furnishings and other services.

B. Maintenance.—The maintenance portion includes maintenance and repair of buildings, road, driveways, walks, exterior and interior utility systems, and ground care; and replacements of fixtures and other equipments which are integral components of a housing unit. It also includes projects for incidental alterations and additions-expansions-extensions under the authority of 10 U.S.C. 2674 provided that:

- (1) No such alteration or addition-expansion-extension shall exceed \$10,000;
- (2) The expense for these alterations and additions-expansions-extensions within a fiscal year shall not exceed \$500 for any one family unit in any case, and (a) an average of \$100 per family unit for each installation having 10 or more family units, or (b) \$1,000 for each installation having less than 10 family units; and
- (3) These incidental alterations and additions-expansions-extensions are not occasioned by or made in conjunction with a separate undertaking which exceeds the above specified limitations.

2. Program Justification

The estimate for fiscal year 1974 family housing operation and maintenance consists of \$130,000 in direct obligational authority and \$2,000 in anticipated reimbursements for a total obligational authority of \$132,000.

The fiscal year 1974 estimate will provide the required funding to finance the usual fixed operating expenses such as utility services, refuse collection and disposal, snow removal, furnishings requirements, plus recurring maintenance associated with dwellings, roads, grounds, interior and exterior utilities.

Mr. PATTEN. There is no request for new housing, but there is a \$20,000 request for minor construction money. Is this enough?

Mr. BONGIOVANNI. Yes, sir. We have some tight requirements but I think we can get by.

Mr. PATTEN. How many houses do you have?

Mr. BONGIOVANNI. We have a total inventory today of 77 units.

Mr. PATTEN. Are there any questions?

Mr. DAVIS. No.

DEFENSE INTELLIGENCE AGENCY

WITNESSES

WILLIAM J. CLEARY, COMPTROLLER

HAROLD A. KYRISS, DIRECTORATE FOR ATTACHÉ AFFAIRS

CAPT. ROY C. ICENOGLE, U.S. ARMY, OFFICE OF THE COMPTROLLER

Mr. PATTEN. Let us turn to the Defense Intelligence Agency.

Insert Page 9 in the record.

[The page follows.]

DEPARTMENT OF DEFENSE—FAMILY HOUSING, DEFENSE, DEFENSE INTELLIGENCE AGENCY—FISCAL YEAR 1974
BUDGET, PROGRAM AND FINANCING

	Dollars in thousands			Number of units					
	Fiscal year 1972	Fiscal year 1973	Fiscal year 1974	Fiscal year 1972		Fiscal year 1973		Fiscal year 1974	
				Lease	Permit	Lease	Permit	Lease	Permit
Construction: Construction of new housing.....		\$215	\$520						
Operation and maintenance: Leasing.....	\$2,078	2,303	2,770	233	102	241	111	274	117
Total operation and maintenance.....	2,078	2,303	2,770						
Plus: Unobligated balance lapsing.....	29								
Budget authority.....	2,107	2,518	3,290						
Budget authority: Appropriation: Construction.....		215	520						
Operation and maintenance.....	2,042	2,303	2,770						
Transfers among accounts: O. & M.	+65								
Appropriation (adjusted).....	2,107	2,518	3,290						

¹ The appropriation request for operation and maintenance is in lump sum for the Department of Defense, and not restricted by military department or defense agency. The amount footnoted is within that total.

Mr. PATTEN. We will insert Mr. Cleary's biographical sketch in the record.

[The information follows:]

WILLIAM J. CLEARY, COMPTROLLER OF THE DEFENSE INTELLIGENCE AGENCY

Mr. Cleary is a native of Great Barrington, Mass. (born April 11, 1929). He is a graduate of St. Michael's College, Winooski, Vt., and served in the U.S. Army from 1953 to 1955. Mr. Cleary now resides in Annandale, Va., with his wife and two children.

His experience in the Federal Government includes 2 years as a staff auditor for the Air Force in Burlington, Vt.; 3 years in the Budget and Accounting Office, Air Defense Command, Air Force, Colorado Springs, Colo.; 4 years in the Comptroller's Office, Defense Communications Agency; 6 years in the Budget Division, Office of the Assistant Secretary of Defense (Comptroller); and about 2 years as the Assistant Director of Army Budget (Resources), Department of the Army.

Mr. Cleary has been the Comptroller of the Defense Intelligence Agency since October 1972.

Mr. PATTEN. How would you like to proceed, Mr. Cleary?

Mr. CLEARY. Whatever you desire.

Mr. PATTEN. Will it serve your purpose to submit your statement for the record?

Mr. CLEARY. That would be fine, sir.

Mr. PATTEN. All right. We will insert Mr. Cleary's statement in the record.

[The statement follows:]

STATEMENT OF WILLIAM J. CLEARY, COMPTROLLER, DEFENSE INTELLIGENCE AGENCY

Mr. Chairman and members of the committee: I am William J. Cleary, Comptroller of the Defense Intelligence Agency. I am pleased to present our Agency's military family housing program for fiscal year 1974. I would like to discuss some of the principal features of this year's program, and to emphasize the elements that are of interest to this committee.

SOURCE OF HOUSING

The Defense Intelligence Agency family housing program partially supports the housing requirements in overseas areas for married personnel assigned to the Defense Attache System. Housing for these personnel is provided from the following sources:

1. Department of State, Office of Foreign Buildings Operations, which purchases or acquires by long term lease, housing for the Defense Attache and Senior Service Attaches as provided for in Public Law 399, 19 June 1952. They also provide Government-owned housing made available on a space available or permit basis to other Defense Attache personnel.
2. Department of Defense-funded Government leases.
3. Special Foreign Currency-funded acquisition program.
4. Private rental housing lease by the individual.

REQUIREMENT FOR U.S. GOVERNMENT-PROVIDED HOUSING

Our requirement for Government leases stems from (1) local restrictions against private leasing, primarily in the Eastern European countries; (2) hardships that would be imposed on individuals in a private leasing arrangement, such as a requirement for sizeable advance rental payments or where the available housing requires Government-financed improvements to be habitable by Western standards; (3) quarters commensurate with the position of the proposed occupant are not available within the normal housing allowances; and (4) where there are continually escalating rental costs, we enter into long term Government leasing arrangements because they represent a savings of Government funds.

FISCAL YEAR 1974 REQUIREMENTS

The fiscal year 1974 appropriation request of \$3,290,000 covers our requirements for support of 274 Government leases in 53 countries, State Department permit housing in 32 countries, and Department of Defense-owned housing in Brazil, Morocco, Israel, Pakistan, and Tunisia. For Operation and Maintenance Leasing we are requesting \$2,770,000 which includes \$2,218,700 for rental, utility, maintenance, and equipment costs to support the 274 leases; \$442,300 for utility and other operating costs of 117 permit units; and \$109,000 for private rental housing support. Family Housing—Construction funds in the amount of \$520,000 are requested for the acquisition of five units in Canberra, Australia; four units in The Hague, Netherlands; and three units in Lima, Peru.

This request is an increase of \$772,000 over our fiscal year 1973 availability in the Family Housing, Defense, appropriation. The increases are needed for the following:

1. An amount of \$289,000 is necessary to fund a net increase of 33 Government leases and 6 permit units. The increase in the number of leases is required for the establishment of Defense attaché offices in Panama and the Republic of Vietnam for which 18 units are needed, and the conversion of housing for all personnel from private to Government leases in Austria, Belgium, Denmark, Haiti, Paraguay, and Singapore. Additionally, quarters occupied by the attachés and assistant attachés in France and the attachés in Finland also will be converted from private to Government. The conversions are based on hardships and/or advantages to the Government and will be accomplished as current personnel are replaced. The increase in permit units is based on the acquisition of four Government-owned units in Brazil and two Government-owned units in Tunisia scheduled for beneficial occupancy during fiscal year 1974.

2. An increase of \$90,000 for the purchase of replacement furnishings to maintain an average 10-year replacement cycle and initial furnishings in Morocco and Peru.

3. An \$88,000 increase related to the impact of price increases occurring prior to September 1972 in direct costs and the shared administrative support furnished by the Department of State.

4. An increase of \$305,000 for the construction of new housing required to acquire 12 units of permanent quarters costing a total \$520,000. The 12 units include 5 in Australia, 4 in the Netherlands, and 3 in Peru. These permanent quarters are beneficial to the Government because of savings resulting from the highly inflationary overseas rental market; reduction of expensive temporary lodging allowance payments; protection against unfavorable foreign currency

fluctuations; reduction in household goods shipment expense; savings in man-hours lost seeking quarters to lease; and increased personnel morale.

The fiscal year 1974 request is based on actual rental and operating cost data as of September 1972. Costs of inflation and U.S. dollar devaluation since then are not included in our estimates.

In summary, the Defense Intelligence Agency family housing program provides housing for personnel assigned to the defense attaché system whenever it is advantageous and in the best interest of the Government. Government-leased and owned housing costs are offset by reductions in expenses for temporary lodging payments, and both basic quarters and station housing allowance payments.

Mr. Chairman, this concludes my prepared statement.

LEASE COSTS

Mr. PATTEN. What are the average costs of your leases overseas?

Mr. CLEARY. In fiscal year 1973, sir, they averaged approximately \$7,000.

Mr. PATTEN. Provide for the record information for the past 5 years and projected for the fiscal year 1974.

Mr. CLEARY. We shall, sir.

[The information follows:]

The average lease-year cost less furnishings is as follows:

<i>Average lease-year cost less furnishings (in hundreds)</i>	
Fiscal year:	
1969.....	\$5.4
1970.....	5.6
1971.....	6.0
1972.....	6.3
1973.....	7.0
1974.....	7.7

More than 50 percent of the leases are for service attachés of the Defense Intelligence Agency. These personnel have official responsibilities requiring quarters that exceed the space normally provided officers of similar grade.

The majority of the leased housing is located in African and Asian capital cities, and the availability of suitable quarters for lease is limited in these areas. The cost of such quarters including utilities exceeds that of standard quarters by substantial amounts.

Mr. PATTEN. Could you discuss the requirements to convert from private to Government leases overseas?

Mr. CLEARY. The primary requirement is economic because of increasing costs. In certain countries we find it difficult for our people to compete for adequate housing within the current housing allowances.

Second, there are operational advantages of long-term leases, such as reducing personal turbulence.

And, third, personal security requirements involving modifications to the existing houses determine we must have a Government lease in certain countries.

I would say those are the general things which we address in converting from private to government leases.

Mr. PATTEN. Any questions?

U.S. DEFENSE ATTACHÉ OFFICE, CANBERRA, AUSTRALIA

Mr. PATTEN. Let us turn to U.S. Defense Attaché Office at Canberra, Australia.

Insert page 10 in the record.

[The page follows:]

1. DATE 15 Feb 1973		2. DEPARTMENT DIA		3. FY 1974 MILITARY CONSTRUCTION PROGRAM		5. INSTALLATION U.S. Defense Attache Office Canberra, Australia									
4. COMMAND OR MANAGEMENT BUREAU Defense Intelligence Agency				6. INSTALLATION CONTROL NUMBER		8. STATE/COUNTRY Australia									
7. STATUS Active				9. YEAR OF INITIAL OCCUPANCY 1941		9. COUNTRY (U.S.) N/A		10. NEAREST CITY Canberra							
11. MISSION OR MAJOR FUNCTIONS The Defense Attache Office overtly collects and reports intelligence information in accordance with priorities and objectives established by the Department of Defense and the Defense Intelligence Agency. Diplomatically assigned Defense Attache personnel (officer) represent the Department of Defense, the Military Departments and the major overseas Commander in Chief.				12. PERSONNEL STRENGTH		PERMANENT		STUDENTS		SUPPORTED		TOTAL (9)			
						OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	OFFICER (6)		ENLISTED (7)	CIVILIAN (8)	
				A. AS OF 31 December 72		6	4	0	0	0	0	0	0	0	10
				B. PLANNED (End FY L, R)		6	4	0	0	0	0	0	0	0	10
				13. * Long Range INVENTORY											
				LAND		ACRES (1)		LAND COST (\$000) (2)		IMPROVEMENT (\$000) (3)		TOTAL (\$000) (4)			
A. OWNED		None		None		None		None							
B. LEASES AND EASEMENTS		None		None		None		None							
C. INVENTORY TOTAL (Exempt land rent) AS OF 30 JUNE 19 72										None					
D. AUTHORIZATION NOT YET IN INVENTORY										None					
E. AUTHORIZATION REQUESTED IN THIS PROGRAM										\$210					
F. ESTIMATED AUTHORIZATION - NEXT 4 YEARS										None					
G. GRAND TOTAL (c + d + e + f)										\$210					
14. SUMMARY OF INSTALLATION PROJECTS															
PROJECT DESIGNATION				AUTHORIZATION PROGRAM				FUNDING PROGRAM							
CATEGORY CODE NO. a	PROJECT TITLE b			TENANT COMMAND c	UNIT OF MEASURE d	SCOPE e	ESTIMATED COST (\$000) f	SCOPE g	ESTIMATED COST (\$000) h						
	Defense Intelligence Agency FY 74 Canberra, Australia Military Construction Program (Purchase/construct or otherwise acquire family quarters units).			USDAO	FAMILY	5	\$210	5	\$210						

Mr. PATTEN. Do you plan to build these units in a compound, or would they be widely separated.

Mr. CLEARY. We do not currently plan to build them in a compound although we have not made the site selection. They would be within an hour's drive in heavy traffic of the Embassy.

I would say that the houses will most likely be separated as opposed to a compound.

Mr. PATTEN. How can you give accurate cost estimates if you don't know yet if you will build or buy?

Mr. CLEARY. The estimates that we are using for Australia are based on construction of new housing. However, we do want the option available to us to purchase if that should become the better choice.

Mr. PATTEN. Will the cost of these units exceed the limit allowed?

Mr. CLEARY. Yes; in Australia we have one unit for an assistant attaché which will probably exceed the \$60,000 limitation. If that turns out to be the case, we propose to construct that unit as enlisted housing and therefore remain within the limitation.

U.S. DEFENSE ATTACHÉ OFFICE, THE HAGUE, NETHERLANDS

Mr. PATTEN. Let us turn to U.S. Defense Attaché Office at The Hague, Netherlands.

Insert page 13 in the record.

[The page follows.]

1. DATE 15 Feb 1973		2. DEPARTMENT DIA		3. FY 1974 MILITARY CONSTRUCTION PROGRAM		5. INSTALLATION U.S. Defense Attache Office The Hague, Netherlands									
4. COMMAND OR MANAGEMENT BUREAU Defense Intelligence Agency				8. INSTALLATION CONTROL NUMBER		6. STATE/COUNTRY Netherlands									
7. STATUS Active		9. YEAR OF INITIAL OCCUPANCY 1897		9. COUNTY (U.S.) N/A		10. NEAREST CITY The Hague									
11. MISSION OR MAJOR FUNCTIONS The Defense Attache Office overtly collects and reports intelligence information in accordance with priorities and objectives established by the Department of Defense and the Defense Intelligence Agency. Diplomatically assigned Defense Attache personnel (officer) represent the Department of Defense, the Military Departments and the major overseas Commander in Chief.				12. PERSONNEL STRENGTH		PERMANENT		STUDENTS		SUPPORTED		TOTAL (9)			
						OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	OFFICER (6)		ENLISTED (7)	CIVILIAN (8)	
				a. AS OF 31 December 72		4	4	0	0	0	0	0	0	0	8
				b. PLANNED (End FY) R/P		4	4	0	0	0	0	0	0	0	8
				13. * Long Range		INVENTORY									
				LAND		ACRES (1)		LAND COST (\$000) (2)		IMPROVEMENT (\$000) (3)		TOTAL (\$000) (4)			
a. OWNED		None		None		None		None							
b. LEASES AND EASEMENTS		None		None		None		None							
c. INVENTORY TOTAL (Except land rent) AS OF 30 JUNE 19 72															
d. AUTHORIZATION NOT YET IN INVENTORY															
e. AUTHORIZATION REQUESTED IN THIS PROGRAM															
f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS															
g. GRAND TOTAL (c + d + e + f)															
14. SUMMARY OF INSTALLATION PROJECTS															
CATEGORY CODE NO. a	PROJECT DESIGNATION		TENANT COMMAND c	UNIT OF MEASURE d	AUTHORIZATION PROGRAM		FUNDING PROGRAM								
	PROJECT TITLE b				SCOPE e	ESTIMATED COST (\$000) f	SCOPE g	ESTIMATED COST (\$000) h							
	Defense Intelligence Agency FY 74 The Hague, Netherlands Military Construction Program (Purchase/construct or otherwise acquire family quarters units).		USDAO	FAMILY	4	\$175	4	\$175							

Mr. PATTEN. Why cannot you take long-term leases so that replacement personnel move into the house their predecessor moves out of?

Mr. CLEARY. Where possible we seek long-term leases, sir, because it is economically advantageous, but in the Netherlands, particularly because of high rising costs, landlords are not particularly interested in long-term leases so we have had difficulty in obtaining long-term leases.

Mr. PATTEN. Then you do agree, though, that while there would be temporary lodging while the transition is being made, it would be less costly if you could make a long lease?

Mr. CLEARY. Yes, sir, I agree.

Mr. PATTEN. You would use the facilities for the new occupant?

Mr. CLEARY. Yes, sir.

Mr. PATTEN. Where are these families now living?

Mr. CLEARY. They are in private leases.

Mr. PATTEN. Do they provide their own quarters?

Mr. CLEARY. Yes, they do. Of course they do receive some assistance from the State Department's local embassy shared administrative support personnel. They act as a housing referral office and give certain legal aid in terms of interpreting the contract and things of that kind.

U.S. DEFENSE ATTACHÉ OFFICE, LIMA, PERU

Mr. PATTEN. Let us turn to the U. S. Defense Attaché Office at Lima, Peru.

Insert page 16 in the record.

[The page follows:]

1. DATE 15 Feb 1973		2. DEPARTMENT DIA		3. FY 19 74 MILITARY CONSTRUCTION PROGRAM		5. INSTALLATION U.S. Defense Attache Office Lima, Peru									
4. COMMAND OR MANAGEMENT BUREAU Defense Intelligence Agency				8. INSTALLATION CONTROL NUMBER		6. STATE/COUNTRY Peru									
7. STATUS Active		9. YEAR OF INITIAL OCCUPANCY 1898		9. COUNTRY (U.S.) N/A		10. NEAREST CITY Lima									
11. MISSION OR MAJOR FUNCTIONS The Defense Attache Office overtly collects and reports intelligence information in accordance with priorities and objectives established by the Department of Defense and the Defense Intelligence Agency. Diplomatically assigned Defense Attache personnel (officer) represent the Department of Defense, the Military Departments and the major overseas Commander in Chief.				12. PERSONNEL STRENGTH		PERMANENT		STUDENTS		SUPPORTED		TOTAL (9)			
						OFFICER (1)	ENLISTED (2)	CIVILIAN (3)	OFFICER (4)	ENLISTED (5)	OFFICER (6)		ENLISTED (7)	CIVILIAN (8)	
				a. AS OF 31 December 72		3	4	0	0	0	0	0	0	0	7
				b. PLANNED (End FY L.R.)		3	4	0	0	0	0	0	0	0	7
				13. * Long Range		INVENTORY									
				LAND		ACRES (1)		LAND COST (\$000) (2)		IMPROVEMENT (\$000) (3)		TOTAL (\$000) (4)			
a. OWNED		None		None		None		None							
b. LEASES AND EASEMENTS		None		None		None		None							
c. INVENTORY TOTAL (Except land rent) AS OF 30 JUNE 19 72															
d. AUTHORIZATION NOT YET IN INVENTORY															
e. AUTHORIZATION REQUESTED IN THIS PROGRAM															
f. ESTIMATED AUTHORIZATION - NEXT 4 YEARS															
g. GRAND TOTAL (c + d + e + f)															

14. SUMMARY OF INSTALLATION PROJECTS							
PROJECT DESIGNATION		TENANT COMMAND e	UNIT OF MEASURE d	AUTHORIZATION PROGRAM		FUNDING PROGRAM	
CATEGORY CODE NO. a	PROJECT TITLE b			SCOPE c	ESTIMATED COST (\$000) f	SCOPE g	ESTIMATED COST (\$000) h
	Defense Intelligence Agency FY 74 Lima, Peru Military Construction Program (Purchase/construct or otherwise acquire family quarters units).	USDAO	FAMILY	3	\$135	3	\$135

Mr. PATTEN. What direct impact has the oil strike in Peru had on your family housing situation?

Mr. CLEARY. Well, because of the oil find down there, sir, there has been a significant increase in investment, people, and higher salaries. The local housing market is just reflecting that so we have increased rental costs. That was the point I was trying to make previously in indicating that construction is more economically advantageous than leasing.

Mr. PATTEN. Have you conducted any studies to determine comparative costs of buying, building, and long-term leases in Peru?

Mr. CLEARY. Yes, sir. We do an economic analysis on each of the countries where we seek construction funds. We have done one on Peru as we have on Australia, and the Netherlands.

DIA LEASING

Mr. PATTEN. If there are no questions, we turn to DIA leasing. Insert pages 20 through 29 in the record.

[The pages follow:]

FISCAL YEAR 1974 BUDGET JUSTIFICATION DEFENSE INTELLIGENCE AGENCY

It is estimated that 274 Government lease authorizations will be required in fiscal year 1974 for personnel assigned to the Defense attaché system. In addition to the Government-leased units, 93 units provided by the Foreign Buildings Operations, Department of State, 20 Government-owned units acquired through special foreign currency programs, and 4 Government-owned units acquired through the fiscal year 1973 construction program will be occupied. The funds requested provide for rental costs of leased units and operating expenses of all units.

There is an increase of \$467,000 estimated in fiscal year 1974 compared to fiscal year 1973 expenses. An increase of \$289,000 is necessary to fund a net increase of 33 Government leases and 6 permit units. The increase in the number of projected leases is related to the establishment of Defense attaché offices in Panama and the Republic of Vietnam for which 18 leases are required, and the conversion of housing for all personnel from private to Government leases in Austria, Belgium, Denmark, Haiti, Paraguay, and Singapore. Additionally, quarters occupied by the attachés and assistant attachés in France and the attachés in Finland also will be converted from private to Government leases. The conversion is based on hardships and/or advantages to the Government and will be accomplished as current personnel are replaced during fiscal years 1974 to 1976. The increase in permit units is based on the acquisition of four Government-owned units in Brasilia and two Government-owned units in Tunisia scheduled for beneficial occupancy during fiscal year 1974. An increase of \$90,000 for the purchase of furnishings and equipment provides for \$40,000 of initial purchase of furnishings in Morocco and Peru and an increase of \$50,000 for the purchase of replacement furnishings and equipment to maintain an average 10-year replacement cycle. The remaining \$88,000 increase mainly reflects the impact of estimated price increases occurring from the spring of 1972 to the fall of 1972 in direct costs and the shared administrative support furnished by the Department of State.

The number of leased and permit housing units and actual costs for fiscal year 1972, and estimated costs for fiscal years 1973 and 1974 are shown by country in the following tabulation:

February 15, 1973

Family Housing, Defense
Leasing
FY 1974 Budget Justification (cont'd)

Defense Intelligence Agency

Tabulation of Family Quarters Leases and Permit Housing FY 1972

(Amounts in Thousands of Dollars)						
Country	Leased Units		Permit Units		Private Rental Housing Support	Total Amount
	No.	Amount	No.	Amount		
Afghanistan	6	36.8	-	-	-	36.8
Argentina	2	20.0	1	2.7	-	22.7
Australia	-	-	3	8.9	8.6	17.5
Austria	-	-	3	16.1	3.5	19.6
Belgium	-	-	-	-	1.7	1.7
Bolivia	3	17.4	2	4.2	-	21.6
Brazil	2	12.3	1	4.0	-	16.3
Bulgaria	3	14.1	-	-	-	14.1
Burma	2	16.3	3	15.2	-	31.5
Ceylon	2	6.8	1	2.2	-	9.0
Chad	5	88.0	-	-	-	88.0
Chile	3	24.8	-	-	2.5	27.3
Costa Rica	-	-	-	-	.7	.7
Cyprus	-	-	-	-	.2	.2
Czechoslovakia	2	21.3	2	8.5	-	29.8
Denmark	-	-	2	8.9	-	8.9
Dominican Republic	3	27.6	-	-	5.9	33.5
Ecuador	1	7.1	-	-	-	7.1
England	1	6.7	3	12.6	-	19.3
Ethiopia	5	37.5	-	-	-	37.5
Finland	-	-	1	1.5	2.7	4.2
France	-	-	2	4.3	5.5	9.8
Germany	-	-	9	17.5	-	17.5
Ghana	2	25.2	-	-	-	25.2
Greece	-	-	3	17.8	7.5	25.3
Guatemala	1	10.0	-	-	-	10.0

501

February 15, 1973

Family Housing, Defense
Leasing
FY 1974 Budget Justification (cont'd)

Defense Intelligence Agency

Tabulation of Family Quarters Leases and Permit Housing FY 1972

(Amounts in Thousands of Dollars)						
Country	Leased Units		Permit Units		Private Rental Housing Support	Total Amount
	No.	Amount	No.	Amount		
Haiti	-	-	-	-	2.4	2.4
Honduras	1	5.5	-	-	8.6	14.1
Hong Kong	13	105.7	-	-	-	105.7
Hungary	1	9.1	4	5.6	-	14.7
India	13	66.3	4	13.5	-	79.8
Indonesia	15	43.6	-	-	-	43.6
Iran	-	-	-	-	18.3	18.3
Ireland	-	-	-	-	.3	.3
Israel	2	8.3	14	47.2	-	55.5
Italy	4	31.7	-	-	-	31.7
Ivory Coast	2	16.2	2	10.7	-	26.9
Jamaica	-	-	-	-	.3	.3
Japan	6	57.2	1	4.9	-	62.1
Jordan	1	6.4	-	-	-	6.4
Khmer Republic	12	97.6	-	-	-	97.6
Korea	-	-	4	15.8	-	15.8
Laos	12	70.3	-	-	-	70.3
Lebanon	-	-	-	-	14.6	14.6
Liberia	6	57.2	-	-	-	57.2
Malagasy	5	38.0	-	-	-	38.0
Malawi	3	19.0	-	-	-	19.0
Malaysia	5	31.0	-	-	-	31.0
Mexico	1	11.6	1	2.7	-	14.3
Morocco	-	-	-	-	1.7	1.7
Nepal	2	15.1	-	-	-	15.1
Netherlands	-	-	1	3.1	-	3.1
New Zealand	-	-	-	-	4.5	4.5
Nigeria	4	46.5	-	-	-	46.5
Norway	-	-	3	7.6	-	7.6

February 15, 1973

Family Housing, Defense
Leasing
FY 1974 Budget Justification (cont'd)

Defense Intelligence Agency

Tabulation of Family Quarters Leases and Permit Housing FY 1972

Country	(Amounts in Thousands of Dollars)				Private Rental Housing Support	Total Amount
	Leased Units		Permit Units			
	No.	Amount	No.	Amount		
Pakistan	6	69.7	3	7.9	-	77.6
Paraguay	-	-	-	-	11.1	11.1
Peru	3	24.5	-	-	-	24.5
Philippines	9	41.5	-	-	-	41.5
Poland	2	16.9	4	6.7	-	23.6
Romania	6	43.8	-	-	-	43.8
Saudi Arabia	3	29.8	-	-	-	29.8
Senegal	3	22.4	-	-	-	22.4
Singapore	2	26.6	1	3.7	7.1	37.4
Somali Republic	-	6.5	-	-	-	6.5
South Africa	3	10.6	1	1.7	-	12.3
Sweden	10	54.8	-	-	-	54.8
Taiwan	7	41.5	-	-	-	41.5
Thailand	-	-	3	10.3	-	10.3
Tunisia	2	12.3	1	3.3	-	15.6
Turkey	3	30.5	-	-	2.5	33.0
USSR	16	49.3	13	16.9	-	66.2
Uruguay	-	-	-	-	1.2	1.2
Yugoslavia	2	14.7	6	12.7	-	27.4
Zaire Republic	5	64.3	-	-	-	64.3
TOTAL	233	1,667.9	102	298.7	111.4	2,078.0

503

February 15, 1973

Family Housing, Defense
Leasing
FY 1974 Budget Justification (cont'd)

Defense Intelligence Agency

Tabulation of Family Quarters Leases and Permit Housing FY 1973

(Amounts in Thousands of Dollars)						
Country	Leased Units		Permit Units		Private Rental Housing Support	Total Amount
	No.	Amount	No.	Amount		
Afghanistan	10	63.3	-	-	-	63.3
Argentina	2	20.4	1	2.8	-	23.2
Australia	-	-	3	9.3	3.5	12.8
Austria	-	-	3	16.4	3.4	19.8
Belgium	-	-	-	-	.6	.6
Bolivia	3	17.9	2	4.5	-	22.4
Brazil	2	14.8	1	4.2	-	19.0
Bulgaria	4	18.8	-	-	-	18.8
Burma	2	19.2	3	15.8	-	35.0
Ceylon	2	7.1	1	2.3	-	9.4
Chad	6	98.7	-	-	-	98.7
Chile	3	23.7	-	-	2.6	26.3
Colombia	-	-	-	-	.3	.3
Cyprus	-	-	-	-	.1	.1
Czechoslovakia	2	27.8	2	9.0	-	36.8
Denmark	-	-	2	11.6	-	11.6
Dominican Republic	3	24.3	-	-	2.0	26.3
Ecuador	1	7.2	-	-	-	7.2
England	1	7.0	3	13.8	-	20.8
Ethiopia	5	49.9	-	-	-	49.9
Finland	-	-	1	1.8	2.7	4.5
France	-	-	2	4.6	15.5	20.1
Germany	-	-	9	19.5	-	19.5
Ghana	3	32.0	-	-	-	32.0
Greece	-	-	3	15.6	.5	16.1
Guatemala	1	9.4	-	-	-	9.4

February 15, 1973

Family Housing, Defense
Leasing
FY 1974 Budget Justification (cont'd)

Defense Intelligence Agency

Tabulation of Family Quarters Leases and Permit Housing FY 1973

	(Amounts in Thousands of Dollars)					
Country	Leased Units		Permit Units		Private Rental Housing Support	Total Amount
	No.	Amount	No.	Amount		
Balti	-	-	-	-	.2	.2
Honduras	1	6.5	-	-	15.8	22.3
Hong Kong	16	143.5	-	-	-	143.5
Hungary	1	10.7	4	6.0	-	16.7
India	10	61.0	3	10.5	-	71.5
Indonesia	15	162.7	-	-	-	162.7
Iran	-	-	-	-	12.1	12.1
Ireland	-	-	-	-	1.3	1.3
Israel	1	5.1	14	46.9	-	52.0
Italy	4	38.8	-	-	-	38.8
Ivory Coast	2	26.1	2	11.0	-	37.1
Japan	6	58.0	3	9.8	-	67.8
Jordan	3	17.5	-	-	-	17.5
Khmer Republic	12	75.0	-	-	-	75.0
Korea	-	-	3	9.1	-	9.1
Laos	12	64.0	-	-	-	64.0
Lebanon	-	-	-	-	8.1	8.1
Liberia	5	45.3	-	-	-	45.3
Malagasy	6	52.0	-	-	-	52.0
Malawi	3	17.4	-	-	-	17.4
Malaysia	5	35.9	-	-	-	35.9
Mexico	1	11.2	1	2.8	-	14.0
Morocco	1	10.0	4	24.5	-	34.5
Nepal	2	17.4	-	-	-	17.4
Netherlands	-	-	1	3.2	-	3.2
New Zealand	-	-	-	-	3.2	3.2
Nigeria	4	44.3	-	-	-	44.3
Norway	-	-	3	7.6	-	7.6

February 15, 1973

Family Housing, Defense
Leasing
FY 1974 Budget Justification (cont'd)

Defense Intelligence Agency

Tabulation of Family Quarters Leases and Permit Housing FY 1973

Country	(Amounts in Thousands of Dollars)				Private Rental Housing Support	Total Amount		
	Leased Units		Permit Units					
	No.	Amount	No.	Amount				
Pakistan	2	13.0	8	26.2	-	39.2		
Paraguay	-	-	-	-	.2	.2		
Peru	3	26.2	-	-	13.2	39.4		
Philippines	10	46.1	-	-	-	46.1		
Poland	2	9.7	4	7.0	-	16.7		
Romania	6	36.4	-	-	-	36.4		
Saudi Arabia	2	28.5	-	-	-	28.5		
Senegal	3	25.6	-	-	-	25.6		
Singapore	5	49.7	1	4.0	3.0	56.7		
South Africa	4	19.0	1	2.0	-	21.0		
Sveden	9	56.6	-	-	-	56.6		
Taiwan	8	49.8	-	-	-	49.8		
Thailand	-	-	3	11.2	-	11.2		
Tunisia	2	15.1	1	3.5	-	18.6		
Turkey	3	28.1	-	-	3.2	31.3		
USSR	15	56.1	13	19.2	-	75.3		
Uruguay	1	10.1	-	-	1.2	11.3		
Yugoslavia	2	14.8	6	12.9	-	27.7		
Zaire Republic	4	33.0	-	-	-	33.0		
TOTAL	241	1,861.7	111	348.6	92.7	2,303.0		

506

February 15, 1973

Family Housing, Defense
Leasing
FY 1974 Budget Justification (cont'd)

Defense Intelligence Agency

Tabulation of Family Quarters Leases and Permit Housing FY 1974

	(Amounts in Thousands of Dollars)					
Country	Leased Units		Permit Units		Private Rental Housing Support	Total Amount
	No.	Amount	No.	Amount		
Afghanistan	10	65.5	-	-	-	65.5
Argentina	2	20.5	1	2.9	-	23.4
Australia	-	-	3	9.8	3.7	13.5
Austria	2	25.2	3	17.7	-	42.9
Belgium	2	18.1	-	-	1.0	19.1
Bolivia	3	17.1	2	4.7	-	21.8
Brazil	2	15.0	5	47.0	-	62.0
Bulgaria	4	20.1	-	-	-	20.1
Burma	2	17.6	3	16.6	-	34.2
Ceylon	2	8.1	1	2.4	-	10.5
Chad	6	101.3	-	-	-	101.3
Chile	3	24.9	-	-	3.0	27.9
Colombia	-	-	-	-	1.3	1.3
Cyprus	-	-	-	-	.1	.1
Czechoslovakia	2	20.3	2	9.5	-	29.8
Denmark	3	31.4	2	12.2	-	43.6
Dominican Republic	3	24.2	-	-	2.5	26.7
Ecuador	1	7.8	-	-	-	7.8
England	1	8.1	3	14.5	-	22.6
Ethiopia	5	51.5	-	-	-	51.5
Finland	1	8.2	1	1.9	2.5	12.6
France	2	29.0	2	4.8	16.7	50.5
Germany	-	-	9	20.4	-	20.4
Ghana	3	27.8	-	-	-	27.8
Greece	-	-	3	16.4	1.7	18.1
Guatemala	1	8.8	-	-	-	8.8

507

February 15, 1973

Family Housing, Defense
Leasing
FY 1974 Budget Justification (cont'd)

Defense Intelligence Agency

Tabulation of Family Quarters Leases and Permit Housing FY 1974

(Amounts in Thousands of Dollars)						
Country	Leased Units		Permit Units		Private Rental Housing Support	Total Amount
	No.	Amount	No.	Amount		
Haiti	-	-	-	-	.2	.2
Honduras	1	6.5	-	-	2.7	9.2
Hong Kong	16	144.0	-	-	-	144.0
Hungary	1	10.7	4	6.3	-	17.0
India	10	60.4	3	11.0	-	71.4
Indonesia	15	98.1	-	-	-	98.1
Iran	-	-	-	-	21.0	21.0
Ireland	-	-	-	-	1.4	1.4
Israel	1	5.1	14	44.1	-	49.2
Italy	3	28.0	-	-	-	28.0
Ivory Coast	2	21.1	2	11.6	-	32.7
Japan	6	76.7	3	10.3	-	87.0
Jordan	4	26.2	-	-	-	26.2
Khmer Republic	12	68.3	-	-	-	68.3
Korea	-	-	3	9.5	-	9.5
Laos	12	67.2	-	-	-	67.2
Lebanon	-	-	-	-	16.5	16.5
Liberia	6	63.7	-	-	-	63.7
Malagasy	6	53.9	-	-	-	53.9
Malawi	3	20.9	-	-	-	20.9
Malaysia	6	42.7	-	-	-	42.7
Mexico	1	10.6	1	2.9	-	13.5
Morocco	1	10.0	4	41.5	-	51.5
Nepal	2	15.4	-	-	-	15.4
Netherlands	-	-	1	3.4	.4	3.8
New Zealand	-	-	-	-	2.0	2.0
Nigeria	4	46.3	-	-	-	46.3
Norway	-	-	3	8.0	1.8	9.8

February 15, 1973

Family Housing, Defense
Leasing
FY 1974 Budget Justification (cont'd)

Defense Intelligence Agency

Tabulation of Family Quarters Leases and Permit Housing FY 1974

(Amounts in Thousands of Dollars)						
Country	Leased Units		Permit Units		Private Rental Housing Support	Total Amount
	No.	Amount	No.	Amount		
Pakistan	2	18.0	8	40.7	-	58.7
Panama	2	30.6	-	-	-	30.6
Paraguay	1	9.8	-	-	2.5	12.3
Peru	3	27.9	-	-	24.0	51.9
Philippines	10	60.7	-	-	-	60.7
Poland	2	12.2	4	7.4	-	19.6
Romania	6	40.4	-	-	-	40.4
Saudi Arabia	3	35.7	-	-	-	35.7
Senegal	3	26.8	-	-	-	26.8
Singapore	7	68.2	1	4.2	-	72.4
South Africa	4	35.8	1	2.1	-	37.9
Sweden	9	61.7	-	-	-	61.7
Taiwan	8	54.3	-	-	-	54.3
Thailand	-	-	3	13.4	-	13.4
Tunisia	-	-	3	11.4	-	11.4
Turkey	3	26.0	-	-	4.0	30.0
USSR	15	58.8	13	20.2	-	79.0
Uruguay	1	10.3	-	-	-	10.3
Viet-Nam	16	151.5	-	-	-	151.5
Yugoslavia	2	17.2	6	13.5	-	30.7
Zaire Republic	5	46.5	-	-	-	46.5
TOTAL	274	2,218.7	117	442.3	109.0	2,770.0

509

Mr. PATTEN. Do these requests represent an increase or a decrease in leased units abroad?

Mr. CLEARY. It is an increase, sir.

In fiscal 1974 we are asking 274 leases as compared to 241 the previous year.

Mr. PATTEN. Is your leasing program generally satisfactory?

Mr. CLEARY. Yes, sir; we find it to be very satisfactory.

Mr. PATTEN. Do you feel it is more economical to lease than to build or buy?

Mr. CLEARY. Well, as you know, sir, we are in 83 countries around the world and you really have to take that country by country. We have found it more economical to build, for example, in Australia, Brazil, Netherlands, and Peru, but a country by country analysis has to be made and that is the basis for the decision.

NATIONAL SECURITY AGENCY

WITNESSES

BRIG. GEN. THOMAS B. WOOD, U.S. AIR FORCE, ASSISTANT DIRECTOR, INSTALLATIONS AND LOGISTICS

LEONARD F. MONGEON, OFFICE OF PROGRAM AND BUDGET

PAUL S. BRADY, OFFICE OF THE GENERAL COUNSEL

Mr. PATTEN. Are there any questions? If not, we again turn to General Wood to discuss the National Security Agency.

Insert pages 30 through 34 in the record.

[The pages follow:]

DEPARTMENT OF DEFENSE—FAMILY HOUSING, DEFENSE, NATIONAL SECURITY AGENCY, FISCAL YEAR 1974 BUDGET—PROGRAM AND FINANCING

[Thousands of dollars]

	Fiscal year—		
	1972	1973	1974
Construction: Minor construction.....	9	0	0
Operation and maintenance:			
Operating expenses.....	114	116	134
Leasing.....	563	555	661
Maintenance.....	67	69	170
Total operation and maintenance.....	744	740	965
Total budget program.....	753	740	965
Available from other years: Construction.....	-10	0	0
Reprogramming during year: Construction.....	+1	0	0
Plus: Unobligated balance lapsing: O/M.....	+1	0	0
Budget authority.....	745	740	965
Budget authority:			
Appropriation: Operation and maintenance.....	810	740	965
Transfers among accounts: Operation and maintenance.....	-65	0	0
Appropriation (adjusted).....	745	740	965

¹ The appropriation request for operation and maintenance is in lump sum for the Department of Defense, and no restricted by military department or defense agency. The amount footnoted is within that total.

FY 1974 BUDGET JUSTIFICATION

NATIONAL SECURITY AGENCY

1. Narrative Description

(a) *Operation.*—The operations portion of the family housing program includes maintenance, repair and replacement of furniture and furnishings, utility services, refuse collection and disposal and administrative support at the installation level. Leasing costs are covered separately.

(b) *Maintenance.*—The maintenance portion includes maintenance and repair of buildings and related utilities systems, and other incidental improvements including minor alterations and additions.

2. Program Justification

(a) *Operation.*—The fiscal year 1974 estimate of \$134,000 for operating expenses reflects an increase of \$18,000 over fiscal year 1973 in order to accommodate utility rate increases related to the onpost quarters.

(b) *Maintenance.*—The fiscal year 1974 estimate of \$170,000 for maintenance is an increase of \$101,000 over the fiscal year 1973 level. This increase results largely from increasing costs in fiscal year 1974 to complete an exterior rendering project on 33 onpost family housing units. The siding on these units has been severely damaged by the weather and is currently a safety hazard to the occupants. Additionally, the increased funds are required to cover higher labor and material costs for maintenance.

FAMILY HOUSING, DEFENSE, NATIONAL SECURITY AGENCY—OPERATION AND MAINTENANCE

Excludes leased units and costs	Fiscal year—					
	1972 actual	1973 estimate	1974 estimate			
A. INVENTORY DATA						
Units in being beginning of year	91	91	91			
Units in being at end of year	91	91	91			
Average inventory for year requiring O. & M. funding:						
(a) Conterminous United States	0	0	0			
(b) Outside United States	91	91	91			
(c) Total	91	91	91			
	Total estimate (thou- sands)	Unit cost	Total estimate (thou- sands)	Unit cost	Total estimate (thou- sands)	Unit cost
B. FUNDING REQUIREMENT						
1. Operations:	FY 1972		FY 1973		FY 1974	
(a) Operating expenses:						
(1) Services	\$6	\$66	\$13	\$143	\$13	\$143
(2) Utility operations	63	692	76	835	94	1,033
(3) Furnishings	45	495	27	297	27	297
Subtotal, gross obligations	144	1,253	116	1,275	134	1,473
Less anticipated reimbursements	0	0	0	0	0	0
Subtotal, operations (appropriated funds)	114	1,253	116	1,275	134	1,473
2. Maintenance:						
(a) Maintenance and repair of dwellings	54	593	59	648	156	1,714
(b) Maintenance and repair of other real property	12	132	9	99	13	143
(c) Alterations and additions	1	11	1	11	1	11
Subtotal, maintenance (appropriated funds)	67	736	69	758	170	1,868
3. Grand total, O. & M. expenses (including reim- bursements)	181	1,989	185	2,033	304	3,341
4. Grand total, O. & M. (1 and 2 above) (appropriated funds)	181	1,989	185	2,033	304	3,341

LEASING

JUSTIFICATION OF ESTIMATES

The number of family housing units available to NSA "on-station" is inadequate to handle the full NSA assigned workforce; therefore, it is necessary for the Agency to lease on the local economy 172 single family housing units.

Number and country:	<i>Leased units in thousands</i>
172 classified locations-----	\$661

The increase of \$106,000 over the fiscal year 1973 estimate is mainly due to rent increases occasioned by renegotiations of lease agreements on a number of units as well as increases in utilities.

Summary

Actual average number of units, fiscal year 1972-----	184
Actual costs, fiscal year 1972 (dollars in thousands)-----	\$563
Estimated end-year number of units, fiscal year 1973-----	172
Estimated costs, fiscal year 1973 (dollars in thousands)-----	\$555
Estimated end-year number of units, fiscal year 1974-----	172
Estimated costs, fiscal year 1974 (dollars in thousands)-----	\$661

Mr. PATTEN. Didn't we put General Wood's biographical sketch in the record? We won't repeat that.

You have a statement.

General Wood. Yes, sir.

I suggest we insert it in the record.

Mr. PATTEN. It will be inserted in the record without objection. It is so ordered.

[The statement follows:]

STATEMENT BY BRIG. GEN. THOMAS B. WOOD, USAF, ASST. DIRECTOR,
INSTALLATIONS AND LOGISTICS, NATIONAL SECURITY AGENCY

Mr. Chairman and members of the committee, I am pleased to appear before you today. This Agency's request for "Family housing, Defense appropriation" in fiscal year 1974 totals \$965,000. This budget includes \$304,000 for operating and maintenance expenses of 91 sets of family quarters located on an installation operated by this Agency at a classified location overseas. The remainder of \$661,000 is to cover costs of 172 leased units occupied by Agency personnel. Two of these leases are used by our senior representatives at London, England, and seven others by our representatives at various other locations. They require suitably located quarters for the accomplishment of their assigned functions. The remaining 163 leases are used by the personnel located at the aforementioned overseas installation because the number of family quarters on station is inadequate to handle the assigned Agency work force.

The fiscal year 1974 budget request of \$965,000 for NSA family housing requirements reflects an increase of \$225,000 from the fiscal year 1973 funding level. This results primarily from rising costs of leased quarters and also increased utility and labor rates applicable to the maintenance and operation of both leased and Government-owned quarters. The fiscal year 1974 budget also contains funds for a major maintenance project involving the replacement of exterior siding on 33 on-post units. The siding on these units has been severely damaged by the weather and presents a safety hazard to the occupants. The rest of the fiscal year 1974 increase results from inclusion of this project.

NSA does not have a budget request for the construction of family housing in fiscal year 1974.

Mr. PATTEN. Will the funds requested be adequate to meet your requirements in view of the devaluation of the dollar?

General Wood. We feel they will be adequate, sir.

However, I would like to emphasize that, while devaluation of the dollar is probably not a major concern, the continued increases in cost do give us some concern. We think we have sufficient funds to take care of our requirements. We do have a concern.

Mr. PATTEN. Are there any questions?

Mr. DAVIS. No questions.

Mr. PATTEN. Well, gentlemen, we would like to thank you for appearing here today.

TUESDAY, JULY 24, 1973.

STATUS OF FUNDS

WITNESSES

ALLEN D. SOUTH, DIRECTOR FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, COMPTROLLER

CHESTER D. OKERLUND, DEPUTY DIRECTOR FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, COMPTROLLER

JOHN N. GAARDSMOE, DIRECTORATE FOR CONSTRUCTION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, COMPTROLLER

ALLEN M. CARTON, CHIEF, PROGRAM AND PLANNING DIVISION, MILITARY CONSTRUCTION DIRECTORATE, OFFICE OF THE CHIEF OF ENGINEERS, ARMY

ARCHIE P. FLYNN, PLANNING, PROGRAMING, AND CIVIL PREPAREDNESS DIVISION, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS, ARMY

GAVIN S. NASH, HEAD, MILITARY CONSTRUCTION BRANCH, OFFICE OF THE COMPTROLLER OF THE NAVY

ARTHUR R. SHAW, LIEUTENANT COMMANDER, U.S. NAVY, CEC, TECHNICAL DIVISION DIRECTOR, NAVAL FACILITIES ENGINEERING COMMAND

JOHN H. LEE, MILITARY CONSTRUCTION APPROPRIATION CHIEF, DIRECTORATE OF BUDGET, OFFICE OF THE COMPTROLLER OF THE AIR FORCE

Mr. SIKES. The committee will come to order.

This afternoon the subcommittee wishes to conduct a hearing on status of funds for military construction. We have as the principal witness Mr. Allen D. South, Director for Construction, Office of the Assistant Secretary of Defense (Comptroller).

Mr. South has appeared before this committee previously and has always given us effective testimony and very useful information.

Mr. South, are you ready to proceed?

GENERAL STATEMENT

Mr. SOUTH. Mr. Chairman and members of the committee, I appreciate the opportunity to meet with the committee and to discuss the status of our military construction funds. Representatives from each of the military departments are here with me today to discuss the details of their respective accounts.

For your reference, we have prepared the attached five tables which provide detail financial information on the various military construction, family housing, and homeowners assistance appropriations. Table 1 shows our latest estimate of direct program obligations and outlays for fiscal years 1973 and 1974. Table 2 reflects the quarterly phasing of the obligations and outlays estimates. Tables 3 and 4 show our estimated unobligated and unexpended balances, respectively. Finally, at table 5, we have the status of Southeast Asia construction funds with a separate accounting for South Vietnam.

I would like first to address our obligation plan for both fiscal year 1973 and fiscal year 1974, and to address our forecast of the unobligated balances at the end of each fiscal year. For fiscal year 1973, the budget estimate before you reflects obligations of \$2,776.9 million which was our December estimate based on actual obligations through October 1972 and estimated obligations for the ensuing 8 months. We now have available actual obligations through May 1973 and a preliminary report for June. This reveals our obligations for fiscal year 1973 to be \$2,285.2 million, short by \$491.7 million from our December forecast. This slippage occurred primarily in three areas: Military construction, Army, \$82 million; military construction, Navy, \$149 million; and family housing construction, \$217 million. I would like to briefly discuss each of these areas.

First, in military construction, Army, the forecasted obligation rate was not met primarily because of criteria delay with pollution abatement projects and some difficulties with municipal coordination; some projects delayed or deferred as a result of Army reorganization; high bids on some projects necessitating redesign and readvertising; and, in some cases, bid openings were postponed because of oversaturated construction market in certain certain areas.

The reduction in Navy's fiscal year 1973 obligation estimate is principally the result of two factors. The first is the shore installation study which led to the recent base closure/realignment decisions. Many projects were deferred pending the outcome of these studies and some projects were subsequently canceled. The second is delays in execution of the pollution abatement program. Some delays have also resulted where pollution abatement projects are tied in with local community efforts and the communities are delayed in their execution schedules. Other contributing factors were the delay in Trident planning pending a site selection and, to a lesser degree, a drop in Southeast Asia construction requirements.

For family housing, the greatest slippage was in the award of Air Force family housing construction projects during the fiscal year 1973 time period. In an effort to develop improved procurement techniques and construction results, Air Force tried to get bids on 11 fiscal year 1972 projects as an industrialized package. However, bid results were unsatisfactory. Considerable time elapsed in developing alternative individual project bidding documents and there was a concurrent large cost escalation during this time period. As a result, there has been considerable slippage in the award of these projects.

All services have had problems in obtaining acceptable bids within statutory cost limits.

In addition to problems resulting from cost escalation, Navy has had slippage because of the deletion of three fiscal year 1973 projects and one fiscal year 1972 project due to the recent base closure actions.

FUNDS APPLIED TO FISCAL YEAR 1973 PROGRAM

Because of our slippage in obligations, we ended fiscal year 1973 with an unobligated balance of \$1,568.9 million. Of this, we have applied \$120.1 million to finance the fiscal year 1974 program in lieu of requesting an appropriation of new funds in that amount. The source of the \$120.1 million is: \$23.8 million of unobligated Southeast Asia funds; \$20 million anticipated recoupments under the NATO infrastructure program \$46.3 million to be generated from project cancelations, program refinements, and price reductions; and \$30 million of contingency funds appropriated but not utilized in prior fiscal years.

For fiscal year 1974, the budget before you forecasts obligations to be \$2,966.1 million. We have now revised that estimate to \$3,128.6 million, an increase of \$162.5 million. This reflects a partial makeup of the fiscal year 1973 slippage and will leave us with an end fiscal year 1974 unobligated balance of \$1,402.6 million. We feel that this unobligated balance will be adequate to provide for continuity in construction executive during early fiscal year 1975 until the fiscal year 1975 program is authorized, appropriated, and apportioned. Also, we should be able to complete ongoing construction and to execute those projects which ran into bid difficulty and could not be awarded in fiscal year 1974.

OUTLAYS

Next, I would like to speak to our outlays. Preliminary fiscal reports show our fiscal year 1973 outlays to be \$1,897.1 million, slightly lower (\$18 million) than our projection last fall. We are currently estimating our fiscal year 1974 outlays to be \$2,257.5 million, up \$360.4 million over fiscal year 1973. This reflects the higher military construction programs approved in fiscal years 1972 and 1973 which greatly influence the fiscal year 1974 outlays.

Mr. Chairman, this completes my prepared statement. We will be happy to answer any questions that you or members of the committee may have.

FINANCIAL TABLES

[The tables follow:]

July 20, 1973

CONSTRUCTION FINANCIAL PLAN - OBLIGATIONS AND OUTLAYS
DIRECT PROGRAM
(In Millions of Dollars)

	Obligations			Outlays		
	FY 1974			FY 1974		
	FY 1973 Current Plan	January 1973 Budget	Revised July 1973	FY 1973 Current Plan	January 1973 Budget	Revised July 1973
<u>Active Forces</u>						
Army	600.0	758.0	778.0	405.0	435.0	435.0
Navy	405.0	618.0	618.0	380.0	377.0	377.0
Air Force	325.2	293.4	293.4	261.0	272.0	272.0
Defense Agencies	16.9	51.7	52.2	18.3	34.0	34.0
Subtotal	1,347.1	1,721.1	1,741.6	1,064.3	1,118.0	1,118.0
<u>Reserve and Guard</u>						
Army Reserve	24.8	38.0	50.2	23.7	30.3	30.3
Naval Reserve	15.5	23.9	23.9	11.4	14.1	14.1
Air Force Reserve	8.3	9.5	9.5	8.0	7.0	8.0
Army National Guard	43.2	35.7	34.3	26.4	37.0	37.0
Air National Guard	11.0	19.2	24.3	12.7	13.6	11.5
Subtotal	102.8	126.3	142.2	82.2	102.0	100.9
<u>Family Housing Construction</u>	199.0	391.0	480.0	155.0	257.0	295.0
<u>Total Construction</u>	1,648.9	2,238.4	2,363.8	1,301.5	1,477.0	1,513.9
<u>Family Housing Operation and Maintenance and Debt Payment a/</u>	637.5	727.2	727.2	596.0	706.0	706.0
<u>Homeowners Assistance b/</u>	-1.2	0.5	37.6	-0.4	0.6	37.6
<u>Grand Total</u>	<u>2,285.2</u>	<u>2,966.1</u>	<u>3,128.6</u>	<u>1,897.1</u>	<u>2,183.6</u>	<u>2,257.5</u>

a/ Excludes reimbursement as well as debt principal payments not treated under obligations and expenditures in current budget plan.

b/ Excludes amounts financed by receipts.

Table 1

CONSTRUCTION FINANCIAL PLAN
 QUARTERLY PHASING OF DIRECT OBLIGATIONS AND OUTLAYS
 (In Millions of Dollars)

	<u>Direct Obligations</u>		<u>Outlays</u>	
	<u>FY 1973 Current Plan</u>	<u>FY 1974 Revised July 1973</u>	<u>FY 1973 Current Plan</u>	<u>FY 1974 Revised July 1973</u>
<u>Quarterly Phasing</u>				
First Quarter	455.3	604.4	366.4	431.1
Second Quarter	332.0	547.9	540.1	530.4
Third Quarter	592.2	814.9	417.3	561.4
Fourth Quarter	<u>905.7</u>	<u>1,161.4</u>	<u>573.3</u>	<u>734.6</u>
Fiscal Year Total	<u>2,285.2</u>	<u>3,128.6</u>	<u>1,897.1</u>	<u>2,257.5</u>

Table 2

July 20, 1975

CONSTRUCTION FINANCIAL PLAN - DIRECT PROGRAM
UNOBLIGATED BALANCES
(In Millions of Dollars)

	Unobligated Balance		FY 1974 (Estimated)			
	June 30, 1972	June 30, 1973	NOA Requested	Total	Obligations	Unobligated
	Actual	Estimated		Unobligated Availability	Revised July 1973	Balance June 30, 1974
<u>Active Forces</u>						
Army	674.0	512.0	664.9	1,176.9	778.0	398.9
Navy	197.7	310.5	685.4	995.9	618.0	377.9
Air Force	220.7	161.0	291.9	452.9	293.4	159.5
Defense Agencies	46.4	66.2	19.1	85.3	52.2	33.1
Subtotal	1,138.8	1,049.7	1,661.3	2,711.0	1,741.6	969.4
<u>Reserve and Guard</u>						
Army Reserve	17.4	30.8	40.7	71.5	50.2	21.3
Naval Reserve	16.0	21.0	20.3	41.3	23.9	17.4
Air Force Reserve	2.9	1.6	10.0	11.6	9.5	2.1
Army National Guard	6.3	3.1	35.2	38.3	34.3	4.0
Air National Guard	3.0	8.1	20.0	28.1	24.3	3.8
Subtotal	45.6	64.6	126.2	190.8	142.2	48.6
<u>Family Housing Construction</u>	306.7	440.8	423.8	864.6	480.0	384.6
<u>Total Construction</u>	1,491.1	1,555.1	2,211.3	3,766.4	2,363.8	1,402.6
<u>Family Housing Operation and Maintenance and Debt Payment^{a/}</u>	3.8	0.6	726.6	727.2	727.2	0.0
<u>Homeowners Assistance^{b/}</u>	12.0	13.2	(24.4) ^{c/}	37.6	37.6	0.0
<u>Grand Total</u>	<u>1,506.9</u>	<u>1,568.9</u>	<u>2,937.9</u>	<u>4,531.2</u>	<u>3,128.6</u>	<u>1,402.6</u>

^{a/} Excludes reimbursements as well as debt principal payments not treated under obligations and expenditures in current budget concepts.

^{b/} Appropriation and authorization to spend agency debt receipts.

^{c/} Non-add. Amount shown is required and is requested in lieu of other funds which may not be appropriated.

Table 3

July 20, 1973

CONSTRUCTION FINANCIAL PLAN - DIRECT PROGRAM
 UNEXPENDED BALANCES
 (In Millions of Dollars)

	Unexpended Balance		FY 1974 (Estimated)			
	June 30, 1972	June 30, 1973	NOA Requested	Total Unexpended	Outlays Revised	Unexpended Balance
	Actual	Estimated		Availability	July 1973	June 30, 1974
<u>Active Forces</u>						
Army	1,358.9	1,367.9	664.9	2,032.8	435.0	1,597.8
Navy	587.7	725.5	685.4	1,410.9	377.0	1,033.9
Air Force	250.9	255.4	291.9	547.3	272.0	275.3
Defense Agencies	71.1	89.6	19.1	108.7	34.0	74.7
Subtotal	2,268.6	2,438.4	1,661.3	4,099.7	1,118.0	2,981.7
<u>Reserve and Guard</u>						
Army Reserve	41.8	56.2	40.7	96.9	30.3	66.6
Naval Reserve	24.4	33.5	20.3	53.8	14.1	39.7
Air Force Reserve	7.6	6.6	10.0	16.6	8.0	8.6
Army National Guard	30.7	44.3	35.2	79.5	37.0	42.5
Air National Guard	10.5	13.9	20.0	33.9	11.5	22.4
Subtotal	115.0	154.5	126.2	280.7	100.9	179.8
<u>Family Housing Construction</u>	465.0	643.1	423.8	1,066.9	295.0	771.9
<u>Total Construction</u>	2,848.6	3,236.0	2,211.3	5,447.3	1,513.9	3,933.4
<u>Family Housing Operation and Maintenance and Debt Payment</u>	120.8	159.1	726.6	885.7	706.0	179.7
<u>Homeowners Assistance</u>	13.0	13.4	(24.4) a/	37.8	37.6	0.2
<u>Grand Total</u>	<u>2,982.4</u>	<u>3,408.5</u>	<u>2,937.9</u>	<u>6,370.8</u>	<u>2,257.5</u>	<u>4,113.3</u>

a/ Non-add. Amount shown is required and is requested in lieu of other funds which may not be appropriated.

Table 4

July 20, 1973

STATUS OF FUNDS, SOUTHEAST ASIA, AS OF MARCH 31, 1973
(In Millions of Dollars)

	<u>Available Funds</u>	<u>Obligated</u>	<u>Expended</u>	<u>Unobligated</u>	<u>Unexpended</u>
<u>Military Construction</u>					
Army	1,322.0	1,283.0	1,267.0	39.0	55.0
Navy	651.8 658.5	638.9	637.7	19.6 12.9	20.8 14.1
Air Force	<u>843.1</u>	<u>835.5</u>	<u>821.1</u>	<u>7.6</u>	<u>22.0</u>
Total	2,823.6 2,816.9	2,757.4	2,725.8	66.2 59.5	97.8 91.1

STATUS OF FUNDS, VIETNAM ONLY, AS OF MARCH 31, 1973

<u>Military Construction</u>					
Army	952.0	914.0	909.0	38.0	43.0
Navy	438.0	434.1	433.5	3.9	4.5
Air Force	<u>406.4</u>	<u>405.4</u>	<u>397.9</u>	<u>1.0</u>	<u>8.5</u>
Total	1,796.4	1,753.5	1,740.4	42.9	56.0

Table 5

Mr. SIKES. Thank you, Mr. South, for a very clear and very helpful picture of obligations and outlays.

FUNDS AVAILABLE TO FINANCE FISCAL YEAR 1974 PROGRAM

At the time the fiscal 1974 budget was put together, the Department of Defense estimated that \$120.1 million of carryover funds could be applied to fund the fiscal 1974 budget.

Do you feel now, on the basis of later experience, that those funds can still safely be applied to the fiscal year 1974 request?

Mr. SOUTH. Yes, sir, Mr. Chairman, we do.

Mr. SIKES. What were the basis of your estimates that these funds would be available, and when did you make the estimates?

Mr. SOUTH. We made these estimates during December of 1972. We had available to us, at that time, the unobligated balances through October of 1972. We matched the unobligated balances against the value of the work in progress as well as projects that had not started.

Through this we came up with approximately \$80 million. In addition to that, we anticipated recoupments from the NATO infrastructure program of another \$20 million and then we put in another \$20 million to make the \$120 million. The latter \$20 million was included strictly on the anticipation that we would have further savings generated by end fiscal year 1974.

Mr. SIKES. What additional funds, if any, have become available to finance the fiscal year 1974 request from various sources such as projects to be cancelled as the result of base realignments, NATO prepayment of reimbursements, and lower than expected obligations in Southeast Asia and in the Defense emergency fund?

Mr. SOUTH. I would like to speak to that by appropriation if I may.

In Army, there has been generated another \$23.7 million. However, that money has been submitted to you under a reprogramming request in two parts. One is NATO infrastructure—you may recall that was \$20.6 million—related to the dollar devaluation in Europe, and the other reprogramming request covered the Conus Army reorganization requirements of \$3.1 million.

Your committee has approved the NATO infrastructure reprogramming and has under consideration the latter one.

For Navy, an additional \$19.2 million has been generated, of which at the present time \$8.4 million remains unprogramed. On the balance, which is \$10.8 million, Navy anticipates that they will be submitting reprogramming requirements to you in that amount.

In Air Force, there is an additional \$5.4 million that has been generated and Air Force has applied this to two reprogramming requests, one at McGuire Air Force Base in New Jersey for \$1.6 million, and one at McClellan Air Force Base in California for \$3.8 million.

With regard to the contingency fund, when we put together the budget we anticipated there would be approximately \$30 million available at the beginning of fiscal year 1974 to finance the 1974 program.

At the time we made this estimate in December of 1972 we had \$54 million available and we were anticipating utilization of \$24 million during the balance of fiscal year 1973. However, because of very tight control over the use of these funds and very stringent control of these funds, we were able to not utilize any of these funds in fiscal year 1973 and we ended the year with the \$54 million available.

One other area that you asked about was the unobligated Southeast Asia funds. Overall we have a report as of April 30, 1973. Reporting is a little bit slow on the Southeast Asia front. At that time we had \$87.3 million of unobligated Southeast Asia funds.

That includes, however, \$23.8 million that we used to finance a part of the fiscal year 1974 program. That leaves us with a \$63.5 million balance on April 30. Of that, \$30.5 million has been programed against specific ongoing projects and we expect to have \$33 million which might be required to cover program adjustments or contingencies or possible increased Vietnamization requirements.

PROJECTS CANCELED

Mr. SIKES. Provide for the record a listing of the status of all projects which are expected to be canceled or are being studied for cancellation as a result of base realignment actions.

[The information follows:]

MILITARY CONSTRUCTION, ARMY—CONSTRUCTION NO LONGER REQUIRED DUE TO BASE CLOSURE/REALINE- MENT—APPROVED PROJECTS NOT YET AWARDED

Installation	Item	Funded cost (thousands)
Fiscal year 1973: Fort Wolters, Tex.....	Sanitary and industrial waste treatment.....	\$248

MILITARY CONSTRUCTION, NAVY—CONSTRUCTION NO LONGER REQUIRED DUE TO BASE CLOSURE/REALINE- MENT—APPROVED PROJECTS NOT YET AWARDED

Installation	Item	Funded cost (thousands)
Fiscal year 1973:		
NS Newport.....	Dry basin for floating dry dock.....	\$2,050
FTC Newport.....	Fire fighters school relocation and smoke abate...	3,987
PWC Newport.....	Utilities for floating dry dock.....	546
PWC Newport.....	Ship waste water collection ashore.....	1,430
NH Newport.....	BEQ modernization.....	1,423
NAS Quonset Point.....	Weapons systems training building.....	791
NAS Quonset Point.....	Intermediate maintenance facility.....	2,845
NARF Quonset Point.....	Engineering and systems analysis addition.....	1,460
NEST and EF St. Inigoes.....	Comm equipment R.D.T. & E. building.....	1,140
NAS Glynco.....	BEQ modernization.....	1,213
NAS Imperial Beach.....	BEQ.....	1,252
NS Long Beach.....	Ship waste water collection ashore.....	1,459
NSY Hunters Point.....	Industrial waste treatment system.....	3,942
NAD Oahu.....	Electrical substation addition.....	89
Subtotal.....		21,627
Fiscal year 1972:		
NAS Quonset Point.....	Refuse disposal.....	3,181
NAS Quonset Point.....	Industrial waste treatment facility.....	1,369
NS Long Beach.....	Sewer connection to mole pier.....	1,773
Subtotal.....		5,323
Total.....		26,950

¹ Under review for possible cancellation.

**MILITARY CONSTRUCTION, AIR FORCE—CONSTRUCTION NO LONGER REQUIRED DUE TO BASE
CLOSURE/REALINEMENT APPROVED PROJECTS NOT YET AWARDED**

Installation	Item	Funded cost (thousands)
Fiscal year 1973: Westover AFB, Mass.....	Squadron flight operations facility.....	\$455

**FAMILY HOUSING, CONSTRUCTION—CONSTRUCTION NO LONGER REQUIRED DUE TO BASE CLOSURE/REALINEMENT
APPROVED PROJECTS NOT YET AWARDED**

Installation	Item	Funded cost (thousands)
Fiscal year 1973:		
Army: Fort Monmouth, N.J.....	New housing (100 units).....	\$2, 650
Navy:		
Naval Complex, Long Beach, Calif.....	New housing (400 units).....	9, 430
Naval Air Station, Lakehurst, N.J.....	New housing (200 units).....	5, 130
Naval War College, Newport, R.I.....	New housing (150 units).....	4, 800
Air Force: Laredo AFB, Tex.....	New housing (200 units).....	4, 316
Total.....		26, 326

**MILITARY CONSTRUCTION, NAVY—CONSTRUCTION NO LONGER REQUIRED DUE TO BASE CLOSURE/REALINEMENT
PROJECTS AWARDED BUT NOT YET COMPLETED**

Installation	Item	Funded cost (thousands)	Percent complete ¹	Action being taken
Fiscal year 1972:				
NAS Quonset Point.....	BEQ modernization.....	\$3, 511	57	(2)
NAS Glynco.....	BOQ with mess.....	2, 776	64	(2)
NAS Glynco.....	BEQ (WAVES).....	469	66	(2)
Subtotal.....		6, 756		
Fiscal year 1969: PWC Newport.....	Incinerator (will build at reduced scope).	2, 874	89	
Total.....		9, 630		

¹ Percent complete based on CWE.

² Contract will be closed out; savings not yet known.

³ \$402,000 reprogramming, of which \$173,000 constructed.

⁴ Percent complete based on partial start of \$173,000.

**FAMILY HOUSING, CONSTRUCTION—CONSTRUCTION NO LONGER REQUIRED DUE TO BASE CLOSURE/REALINEMENT
PROJECTS AWARDED BUT NOT YET COMPLETED**

Installation	Item	Funded cost (thousands)	Percent complete	Action being taken
Fiscal year 1972: Naval Com- plex, Long Beach, Calif.	New housing (300 units)...	\$7, 000	0.2	Project canceled; savings \$6,926,131.

NATO RECOUPMENTS

Mr. SIKES. We have discussed the overpayment or prepayment of reimbursements for prefunded NATO infrastructure projects, but can you tell us what was anticipated in 1973 and 1974 and what you actually received in 1973 and now anticipate for 1974?

Is that information available?

Mr. SOUTH. Mr. Chairman, if I may I would like to provide that for the record.

Mr. SIKES. All right.

[The information follows:]

The fiscal year 1973 budget included an estimated \$10 million recoupment of prefinanced NATO infrastructure project for fiscal year 1973. The fiscal year 1974 budget included a revised fiscal year 1973 estimate of \$24 million recoupments and a fiscal year 1974 estimate of \$20 million recoupments. Actual fiscal year 1973 recoupments total \$24 million. Our current estimate for fiscal year 1974 is \$26 million. The upward revision in our fiscal year 1973-74 recoupment is attributable to the fact that our NATO allies unexpectedly agreed to make reimbursements to us in late fiscal year 1973 and early fiscal year 1974 (mostly for prefinanced airfield survival projects) which were not contemplated until late fiscal year 1974 and fiscal year 1975.

The increase in fiscal year 1974 estimated recoupments from \$20 million to \$26 million will partially offset the unbudgeted cost of recent devaluations of the dollar. These costs are not provided for in the fiscal year 1974 budget. They consist of:

To partially finance the fiscal year 1973 cost (\$23 million) of the Feb. 12, 1973 devaluation of the dollar. Approval to finance this requirement through reprogramming of available prior year funds was requested by letter of May 7, 1973. The request has been approved by the Chairman, Subcommittee on Military Construction, Committee on Appropriations, U.S. House of Representatives. The U.S. Senate has not yet acted on the request.	<i>Millions</i> \$20.650
Urgent fiscal year 1973 projects deferred to fiscal year 1974 to partially finance fiscal year 1973 costs (\$20 million) of the May 8, 1972 revaluation of the NATO IAU (International Accounting Unit) stemming from the Dec. 18, 1971 devaluation of the dollar.	12.000
Sub-total, fiscal year 1973 unbudgeted cost of devaluation (total cost \$43 million)	32.650
Fiscal year 1974 cost of the Feb. 12, 1973 dollar devaluation	8.000
Fiscal year 1974 cost resulting from the difference between the devalued Feb. 12, 1973 dollar and the current value of the dollar in the market place. This estimate assumes that the average fiscal year 1974 market value of the dollar will approximate the value of the current dollar (i.e. 10 percent below the devalued Feb. 12, 1973 dollar) and contemplated fiscal year 1974 expenditures of \$70 million.	7.000
Sub-total, fiscal year 1974 unbudgeted cost of devaluation (total cost \$20 million)	15.000
Total unbudgeted cost of devaluation, fiscal year 1973-74 (total cost \$63 million)	47.650
Increased estimated fiscal year 1974 recoupments	-6.000
Carryover unobligated funds from fiscal year 1973	-1.700
Currently unbudgeted cost of dollar devaluation	39.950

The tables which follow show further details of the total fiscal year 1973-74 cost of the dollar devaluations and the impact of the devaluations on the fiscal year 1974 authorization and appropriation requirements for the U.S. share of NATO infrastructure. Highlights of these tables include the following:

(a) The total cost of U.S. dollar devaluations in fiscal year 1973-74 as related to the U.S. share of the NATO infrastructure program is \$63 million. Fiscal year 1973 costs are \$43 million, none of which was provided for in the Department of Defense fiscal year 1973 budget. Fiscal year 1974 costs are estimated at \$20 million, of which only \$5 million is included in our fiscal year 1974 budget.

(b) We have endeavored to provide for the unbudgeted fiscal year 1973 cost of \$43 million as follows:

Cancellation and deobligation of projects	<i>Millions</i> \$10.350
Reprogramming requested May 7, 1973. HAC has approved; SAC has not yet acted	20.650
Projects deferred to early fiscal year 1974	12.000
Total/unbudgeted fiscal year 1973 costs	43.000

(c) Assuming SAC approves Secretary of Defense May 7, 1973 request to reprogram \$20.650 million additional funds into NATO infrastructure to partially provide for the \$43 million unbudgeted fiscal year 1973 cost of devaluation, revised fiscal year 1974 authorization and funding requirements are as listed below. The increased requirements are caused entirely by the devaluation of the dollar:

/ (1) \$19.3 million additional new obligation authority (NOA) is required over and above the \$40 million NOA requested in Department of Defense fiscal year 1974 budget. The revised fiscal year 1974 NOA requirement is therefore \$59.3 million.

(2) The revised fiscal year 1974 total obligating authority (TOA) requirement is \$85.3 million (\$60 million Department of Defense budget plus \$19.3 million additional NOA requirement, plus \$6 million additional estimated fiscal year 1974 recoupments).

(3) The revised fiscal year 1974 authorization requirement is \$105.3 million (\$80 million Department of Defense budget plus \$19.3 million additional NOA requirement, plus \$6 million additional estimated fiscal year 1974 recoupments.)

COST OF U.S. DOLLAR DEVALUATION, FY 1973-74
U.S. SHARE OF NATO INFRASTRUCTURE PROGRAM
(MILITARY CONSTRUCTION, ARMY)

	Total <u>FY 73-74</u>	<u>FY 1973</u>	<u>FY 1974</u>
<u>COST OF DEVALUATION</u>			
8 May 72 Revaluation of NATO IAU (reflecting 18 Dec 71 \$ deval.)	\$25.000	\$20.000	\$ 5.000
12 Feb 73 Devaluation \$	31.000	23.000	8.000
Diff 12 Feb 73 \$ vs Current Market \$	<u>7.000</u>	<u>0</u>	<u>7.000</u>
TOTAL FY 73-74 Cost Devaluation	\$63.000	\$43.000	\$20.000
 <u>FUND REQUIREMENT</u>			
Included in Budget	<u>-5.000</u>	<u>0</u>	<u>-5.000</u>
Not Included in Budget	\$58.000	\$43.000	\$15.000
Carryover from FY 73 Appn.	-1.700	0	-1.700
Additional Estimated Recoupments	<u>-6.000</u>	<u>0</u>	<u>-6.000</u>
Total Unbudgeted Cost of Devaluation	\$50.300	\$43.000	\$ 7.300
Projects Cancelled & Deobligated	-10.350	-10.350	0
Projects Defferred FY 73 to FY 74	0	-12.000	+12.000
FY 1973 Reprogramming Requested*	<u>-20.650*</u>	<u>-20.650*</u>	<u>0</u>
Sub-total	<u>-(31.000)</u>	<u>-(43.000)</u>	<u>+(12.000)</u>
Total Unbudgeted, if FY 73 Reprogramming Approved	\$19.300	\$ 0	\$19.300
Add FY 74 Funds Required, if FY 73 Reprogramming Not Approved	<u>+20.650</u>	<u>0</u>	<u>+20.650</u>
Total Unbudgeted, if FY 73 Reprogramming Not Approved	\$39.950	0	\$39.950

* Request approved by Chmn, Subcommittee on Military Construction, Committee on Appropriations, U.S. House of Representatives. Senate has not yet acted on request.

NATO INFRASTRUCTURE
 PROCEDURES FOR OBLIGATING AND
 EXPENDING U.S. SHARE OF COSTS

BACKGROUND

"Infrastructure" is the NATO term for facilities necessary for the deployment and operation of NATO military forces, including US forces committed to NATO. It includes airfields, communications, POL, Naval bases, radar installations and other military operational facilities

Common financing of Infrastructure is based on a cost sharing plan covering several (usually five) years, drawn up and agreed to by NATO countries. The most recent agreement was signed in February 1970, and covered annual increments (slices) XXI through XXV (1970-1974). This agreement established a program of \$753.1 million, of which the US share (29.67%) was \$223.4 million. This cost will be increased as a result of the most recent dollar devaluation.

Annually, the NATO Military Commanders recommend construction or modernization of projects essential for the support of military forces committed to NATO. After review, selected projects together constitute the yearly program, or annual Slice, which is formally approved by the NATO Council/Defense Planning Committee (the highest political bodies of NATO). Each such slice must, when added to previous slice approvals, be within the multi-year cost ceiling.

In effect, the US commitment to NATO Infrastructure occurs at the time of approval of the long-term program, and is reaffirmed in terms of specific projects at the time of approval of the annual slice program.

After approval of projects in an annual slice, full responsibility for project implementation is assumed by the applicable host country, which starts preparatory work; siting, preliminary estimates, plans and specifications. Individual projects are then submitted with supporting details to the NATO Payments and Progress (P&P) Committee. Based upon prior screening by the NATO Technical staff, the NATO P&P Committee must be satisfied that the project retains its military requirements, conforms to NATO criteria, is reasonable in cost, and is eligible for common funding under NATO Infrastructure rules. In addition, beginning with Slice XXI (1970), the NATO P&P Committee reviews the status of preparatory work to insure that the project can be contracted for within the next twelve months. This pre-requisite to P&P Committee approval has significantly reduced the lagtime between approval of an annual program (Slice) and contracting/obligating and has improved DoD capability for forecasting annual fund requirements. Once the project is approved by the NATO P&P Committee, the host nation may proceed with actual construction.

The NATO P&P Committee meets each week throughout the year to review and approve urgent and incremental infrastructure project requests.

U.S. concurrence in a NATO P&P Committee Fund authorization is simultaneously a fund obligation for the U.S. To prepare a budget request for the Congress, the U.S. representative must forecast the anticipated P&P Committee authorizations for the year in question, weighing various factors, including predicting when a host country will acquire the necessary real estate, provide local utilities, and prepare plans for submittal to P&P Committee. There are other variables which make it difficult to forecast the specific projects which will receive P&P Committee approval (and U.S. obligation) during a given fiscal year or to forecast with precision the resultant annual fund requirement. As a result, the Congress has requested and receives each quarter a listing of specific projects approved by the P&P Committee during the previous calendar quarter.

Upon approval of a given project by the P&P Committee an obligation reflecting the U.S. share of the cost of that project is recorded, based on the official value of the dollar in relationship to the NATO IAU (International Accounting Unit) as of that point in time. Obligations are subsequently adjusted to reflect:

- (1) Actual construction costs in the same manner as regular U.S. military construction projects.
- (2) Changes in the official value of the dollar. Adjustment must be made to all unliquidated obligations to reflect the change in the relationship of the dollar to the IAU as of the date the U.S. Treasury officially notifies the IMF (International Monetary Fund) of the change in official dollar value. Subsequently, all new obligations must likewise reflect this change in value.
- (3) The difference between the amount actually expended in the market place to liquidate a given obligation and the amount recorded for that obligation.

The history of the value of the dollar in relationship to the NATO IAU is as follows (expressed in terms of number of dollars required to equal one IAU):

<u>\$</u>	<u>Effective Dates</u>	<u>% of \$ Deval. (Since previous devaluation)</u>	<u>Cumulative % Deval. (New Value vs \$2.80)</u>
<u>Official Value of the Dollar</u>			
<u>in Relationship to the NATO IAU</u>			
<u>(Applies to all Unliquidated Obligations)</u>			
2.80	Inception NATO - 8 May 1972	-	-
3.04	8 May 1972 - 12 Feb 1973	8.57%	8.57%
3.38	12 Feb 1973 - Current	11.1 %	20.7 %
<u>Approximate Current Value of the Dollar</u>			
<u>in the Market Place (Applies to expenditures only)</u>			
3.72	Current and Assumed Average for FY 74	10.0%	32.9%

APPLICATION TO FY 1973-1974

In keeping with the above:

(1) The DoD FY 1973 budget was based on the value of the official dollar, in relationship to the IAU, as of December 1971 (\$2.80 to the IAU). As of 8 May 1972 unliquidated obligations (in excess of \$150 million) were increased by 8.57% to reflect the new official rate of \$3.04 to the IAU and all subsequent obligations were recorded at the \$3.04 rate.

(2) The DoD FY 1974 budget, prepared in December 1972, is based on \$3.04 to the IAU. Unliquidated obligations (in excess of \$150 million) will be increased by an additional 11.1% to reflect the 12 February 1973 devaluation of the dollar immediately following passage of the applicable Public Law by the Congress (House-Senate conferees have agreed on a bill), approval by the President, and notification to IMF by the U.S. Treasury.

(3) Expenditures have been, and will be, made based on the value of the dollar in the market place as of the time the expenditure is made.

(4) Expenditures are currently made at the approximate rate of \$3.72 to the IAU, whereas obligations are currently recorded at the rate of \$3.04 to the IAU. As current expenditures are made, a concurrent increase in the applicable recorded obligation by 22.3% is therefore required.

The DoD FY 1974 budget request submitted to Congress in January 1974 provides for \$80 million in authorizations, \$60 million in total obligations authority (TOA) and \$40 million in new obligation authority (NOA).

Only \$5 million of the \$63 million cost of dollar devaluations applicable to the U.S. share of the NATO Infrastructure Program were included in DoD FY 1973 and 1974 budget estimates. Assuming approval of DoD's request of 7 May 1973 to reprogram an additional \$20.650 million into NATO Infrastructure, revised FY 1974 requirements are \$105.3 million authorizations, \$85.3 TOA and \$59.3 NOA.

NATO INFRASTRUCTURE PROGRAM REQUIREMENTS
FY 1973 1974

	<u>Authorization</u>	
	<u>1973</u>	<u>1974</u>
Carry-over from FY	18.2	22.3 a/
Authorization/President's Budget	58.0	80.0
Subtotal	(76.2)	(102.3)
FY 1973 Reprogram Request	20.6 a/	
Total Authorization Available	(96.8)	(102.3)
Obligations/Requirement		
Estimated Obligations FY 1973	74.5	
President's Budget		60.0
FY 1973 Cost Feb 12, 1973 devaluation		20.6 a/
Subtotal		(80.6)
FY 1974 Cost Feb 12, 1973 devaluation		8.0
FY 1973 Projects Deferred to FY 1974		12.0
FY 1974 Cost, Diff Feb 12, 1973 \$ vs Current \$		7.0 b/
Subtotal, Added Requirement	—	(27.0)
Total Obligations/Requirement	(74.5)	(107.6) b/
Available for Carry-over/Shortage	22.3 a/	-5.3 c/
Added Authorization Requirement (including \$20 million carryover)	0	25.3 c/
	<u>Funding</u>	
Carry-over from FY	14.2	1.7
NOA/ President's Budget	38.0	40.0
Recoupments	24.0	26.0
Subtotal	(76.2)	(67.7)
FY 1973 Reprogram Request	— d/	20.6 a/
Total Funds Available	(76.2) d/	(88.3)
Obligations/Requirement (as above)	74.5	107.6 b/
Available for Carry-over/Shortage	1.7 d/	-19.3
Added Fund Requirement		19.3 a/

a/Approval of the Chairmen, HAC and SAC was requested by letter 7 May 73 to reprogram \$20,650,000 from SAFEGUARD to NATO Infrastructure to partially cover FY 73 cost (\$23M) of 12 Feb 73 dollar devaluation. Concurrently, Chairmen, HASC and SASC were advised that SecDef intended to utilize the provisions of Sec. 703 to provide a like amount of additional authorization for Infrastructure. As of 25 July 73 neither HASC or SASC has expressed disapproval; HAC has approved reprogramming of funds but SAC has not yet acted. Accordingly, this table reflects the requested \$20.650M additional authorization as available in FY 1973 and assumes early FY 1974 SAC approval to fund reprogramming. Failure to obtain approval of FY 73 funds reprogramming will increase FY 74 requirement for TOA and NOA by \$20.650M above requirements shown hereon.

b/Assumes that the average market value of the FY 74 dollar will approximate the value of current dollars (i.e. approximately 10% below the 12 Feb 73 official rate). FY 1974 expenditures are estimated as \$70M at the 12 Feb 73 official rate. Table reflects additional FY 1974 cost of \$7M (\$10% of \$70M) to cover the difference between the official 12 Feb 73 dollar value vs the current market value.

c/A carry-over of unobligated authorization to the ensuing fiscal year is required to permit the U.S. to continue participation in NATO, pending enactment of the ensuing years military construction authorization. This table provides for a carry-over into FY 1975 of \$20.0M unused authorization (approximately 25-30% of estimated total FY 1975 authorization requirement, based on current market value of the dollar).

d/Excludes requested \$20.650M FY 1973 reprogramming (see footnote a). Although the \$20.650M has been apportioned to DOD by OMB, (and will therefore be shown as available as of 30 June 1973 on DOD status of funds report) obligations can not be incurred until and unless reprogramming is approved by Chmn. SAC.

SOUTHEAST ASIA UNOBLIGATED BALANCE

Mr. SIKES. Would you tell us the basis of your decision to apply \$23.8 million of Southeast Asia money to finance the fiscal year 1974 program?

Mr. SOUTH. Yes, sir.

These funds resulted from savings when the cost-plus-fee contract was closed out. In December, when we made that estimate, negotiations were still going on, of course, on the Southeast Asia peace agreement.

Based on the projected requirements that we had at that time when compared to our unobligated balances, it was our best estimate that we could make this amount available to help finance the 1974 program.

Mr. NICHOLAS. You are saying at the time the cost-plus-award-fee contract was phased out there were certain savings. These don't necessarily amount to \$23.8 million, do they?

Mr. SOUTH. No, they don't; but of the amount that we recovered from the CPAF contract closeout, it was our estimate that \$23.8 million could be made available.

Mr. NICHOLAS. You also fed into this the rate of obligation which you expected for the fiscal year. Did you leave yourself a little leeway at the end of fiscal year 1973 to allow for contributions in 1974? Were you planning on obligating the funds available in fiscal year 1974?

Mr. SOUTH. At that point in time our estimated obligation rate was approximately \$1.6 million per month, but shortly after that we did have the agreement signed which changed the picture somewhat.

Now, we have had some positive obligations during the ensuing months. Also we have had project cancellations and savings.

Mr. SIKES. What has been the rate of obligation over the past year or the past few months for projects in Southeast Asia and in Vietnam? Provide details for the record.

[The information follows:]

Obligations for Southeast Asia from July 1972 through March 1973 totaled approximately \$3.6 million. Obligations in Vietnam during this period totaled \$2.6 million.

Mr. SIKES. What obligation rate had you anticipated during this period and for fiscal year 1974, and what do you expect now? Provide that for the record.

[The information follows:]

Projected obligations for fiscal year 1973 were near \$10 million. About \$3 million is planned for the last 3 months of fiscal year 1973. Projected obligations for fiscal years 1974 and 1975 are \$24.3 million and \$3.2 million, respectively. Fiscal year 1975 obligations are for the remaining dependent shelter and highway upgrade program.

Mr. SIKES. As of the latest available date, what unobligated balances of Southeast Asia funds remain available?

Mr. SOUTH. For the overall Southeast Asia military construction program our April 30, 1973, unobligated balance was \$63.5 million. That is exclusive of the money that we have used for the fiscal year 1974 program.

Mr. SIKES. Break out separately the funds available in Vietnam.

Mr. SOUTH. Yes, sir.

In Vietnam, on April 30, 1973, there was \$45.1 million unobligated, and I should point out that that is a part of the overall \$63.5 million that I mentioned earlier.

Mr. SIKES. What has been the limiting factors in the rate of obligation of funds? Let me list a number of possibilities: The need for projects, the problems of defining which projects should be eligible for military construction funding, the ability of the local construction industry to put work in place.

Were the items that I mentioned typical? Were there others?

Mr. SOUTH. Yes, sir.

The items that you mentioned certainly were typical.

Mr. SIKES. In what order of importance?

Mr. SOUTH. The sequence is very difficult for me to comment on.

Mr. SIKES. To what extent were these limiting? Let us put it that way.

Mr. SOUTH. They were somewhat less than the problem we had with the rapid drawdown of our construction personnel in late 1972 and early 1973. There was a very rapid drawdown in early 1973. I would say it was a combination of reassessing the requirements and the rapid drawdown of our personnel over there that were the principal limiting factors on our obligation rate.

Mr. SIKES. Will these continue to be limiting factors, or do you think this situation is going to clear up? Do you expect a higher obligation rate, and if you do expect a higher obligation rate, with these factors out of the way, do these other things become limiting factors, the local construction industry, the question of what you should be doing with this money?

Mr. SOUTH. Things have stabilized to some extent and we have, as I mentioned earlier, a program of \$30.5 million of specific projects which have been screened and double-screened and considered to be firm requirements and which we feel we are capable of executing.

These will be primarily done through local contractors in Vietnam.

Mr. SIKES. Were there other limiting factors?

Mr. SOUTH. No, sir; I think I have covered the major ones.

PARTICIPATION IN COMMUNITY POLLUTION ABATEMENT

Mr. SIKES. Your statement mentioned more than once the problem of local readiness to participate in pollution control. Is this being overcome?

Mr. SOUTH. Yes, sir, and I didn't intend to imply that there was any reluctance on the part of the—

Mr. SIKES. I don't mean reluctance, but inability.

Mr. SOUTH. There has been a change in the use of standards to some extent connected with the energy crisis and some relaxation in some cases and this has all tended to make everybody take another hard look at it.

I feel it is stabilizing. Maybe one of the service representatives would care to comment on this.

Mr. CARTON. Yes, sir.

For the Army, sir, I know we are improving this situation. We have, for example, a project at Fort Belvoir to connect with the Fairfax County system which we think we will be able to place under contract this year if local funds become available. At Fort Sheridan we will connect with a regional system in that area, and also at Fort Monmouth.

We think all of these will be resolved this year.

Mr. SIKES. Do you mean this fiscal year?

Mr. CARTON. Yes, sir.

Actually we hope to do some work this calendar year. We are hoping to move forward on most of these projects.

Mr. SIKES. Does that mean you will catch up on the 1973 projects that may have been delayed for this reason?

Mr. CARTON. We will catch up on most of them, sir. There will be a few that are left outstanding.

In Seattle I believe there is a local community that is not ready for us yet, but—

Mr. SIKES. Generally progress is promising; is that right?

Mr. CARTON. Yes, sir, progress is improving.

Mr. SIKES. And the other services?

Mr. NASH. That is generally true of the Navy.

Mr. LEE. We anticipate that we will have all of our 1973 and prior projects under contract in this calendar year.

Mr. SIKES. Very good.

GUIDELINES ON USE OF SOUTHEAST ASIA FUNDS

What are the current guidelines on how these funds may be spent? The Southeast Asia funds.

Mr. SOUTH. We have asked the Secretary of Defense to put the Southeast Asia construction under our normal military construction program management procedures for overseas construction.

As you well know, we had special procedures in Vietnam, including a single construction manager for all the three departments. In the future we hope, effective August 1, all the military construction in Vietnam will be managed in accordance with normal overseas military construction procedures.

Mr. SIKES. What rate of obligation do you expect in the coming months?

Mr. SOUTH. In Vietnam itself we have anticipated \$27.2 million and an additional \$3.4 million for Thailand and Laos.

Mr. NICHOLAS. Going back to the previous question, if I may, you say that you are changing the management of the construction program over there to correspond more with other construction programs. This means you are taking it out of MACV and putting it back under the services. They will then be able to allocate funds to the construction projects. It won't be in the MACV pocket.

Mr. SOUTH. That is correct. The final approval of the project will still be retained at the OSD level, but management of the construction will be with the respective departments.

Mr. NICHOLAS. Are there guidelines as to whether the money can be spent for, say, Vietnamization or roadbuilding?

Mr. SOUTH. Yes, individual projects must still be justified and approved at the OSD level. The use of the funds is restricted to support of operations in Southeast Asia. In Vietnam, only projects for improvement of the RVNAF self-sufficiency—Vietnamization—highway upgrade, or repair of battle damage are authorized.

Mr. NICHOLAS. Is there a set of criteria written down as to how

these funds can be used, something you can provide for the record?

Mr. SOUTH. Yes, sir.

[The information follows:]

The existing Secretary of Defense policies promulgated from 1965 through 1968 permitting construction of only minimal austere facilities are being continued. All new starts in Vietnam will also continue to be restricted to the categories authorized by Secretary of Defense memorandum of August 12, 1969, including: improvement of RVNAF self sufficiency (Vietnamization); lines of communication; and repair of battle damage.

Programing actions are further limited as follows:

1. No new projects or increase in scope of previously approved projects will be undertaken except with the specific approval of the Office of the Assistant Secretary of Defense (Installations and Logistics).

2. Military Departments are authorized to adjust the cost of previously approved projects in an amount less than \$1 million providing the adjustment does not cause the total for a military department Southeast Asia military construction program at any installation to change by the larger of \$50,000 or 10 percent.

3. Requests for new project approval or scope increases will be processed via service channels with accompanying DD Forms 1391 fully justifying the requested construction. Concurrent processing via joint channels for validation is also required.

Mr. SIKES. In Southeast Asia, what types of projects are outstanding for which you would anticipate the obligation of funds?

Mr. SOUTH. Mr. Chairman, we can categorize the specific projects into three general areas.

First would be the Vietnamization projects. Vietnamization projects are those remaining projects needed to improve the self-sufficiency of the Vietnamese Forces. This includes such things as ammunition storage, equipment repair and overhaul facilities, medical facilities, and facilities that are directly related to improving their capability.

VIETNAMESE LINE OF COMMUNICATIONS PROGRAM

Another category is our line of communication program, with which the committee is familiar.

Mr. SIKES. What progress are we making in that area?

Mr. SOUTH. We have completed, sir, some 3,100 kilometers out of the total program of 3,550 kilometers and we would expect that it will go on into fiscal year 1975 before we have completed all the work on it.

Mr. SIKES. How much rework is going to be necessitated by the continuing involvement of forces over there?

Mr. SOUTH. There certainly could be some. I would be glad to provide that for the record.

Mr. SIKES. All right.

[The information follows:]

The highway upgrade (LOC) program for improvement and restoration of selected sections of primary highways in Vietnam was conceived as a one-time modernization effort. Separate records on all rework resulting directly and indirectly from the continuing military situation in Vietnam are not maintained. These repairs are being pursued as part of the highway maintenance program under the auspices of the Vietnamese Director General of Highways with the assistance of the U.S. Agency for International Development.

A single case of major damage associated with military operations occurred last year as a result of the North Vietnamese spring invasion in 1972. Army operation and maintenance funds (MASF) totaling \$25 million were provided to assist in repairs to segments of roads and bridges damaged during the invasion.

Mr. SIKES. It is difficult to know just what is happening.

Mr. SOUTH. Yes, sir.

VIETNAMESE DEPENDENT SHELTERS

Mr. SIKES. Tell us something about the status of the dependent shelter program. I have heard nothing about it in recent months. Is it still being pursued?

Mr. SOUTH. It is still being pursued and it has been carried out, as you know, primarily in terms of self-help where we have provided the materials and the Vietnamese have done the construction themselves. Self-help labor is not costed in the military construction account.

There have been 66,500 units that have been approved to date and of those there are 43,000 that have been completed as of June 30, 1973. We have 50,000 units remaining which will cost approximately \$15 million. Of that \$15 million, \$3.6 million was covered where I said we had program requirements for the Southeast Asia money.

Mr. SIKES. You are behind schedule, I assume, on this program.

Mr. SOUTH. Yes, sir.

Mr. SIKES. How much behind?

Mr. SOUTH. We are behind in terms of insuring, particularly in the self-help area, that the program is being properly accomplished and that the units being constructed are being properly used.

Mr. NICHOLAS. What part of the funds which you are planning to obligate in 1974 would be represented by dependent shelters?

Mr. SOUTH. Future dependent shelter programs are projected at \$5.1 million for fiscal years 1974 and 1975.

Mr. NICHOLAS. \$5.1 million of the \$27 million?

Mr. SOUTH. No, sir, \$5.1 million of the total \$30.5 million programed.

Mr. NICHOLAS. How many units will that take care of?

Mr. SOUTH. The cost to the United States for each unit is currently programed at \$300 and therefore, a total of \$15 million is needed to complete the 50,000 units. Of this, \$3.6 million is to be military construction funded and the balance is planned as Operation and maintenance, Army (MASF).

Mr. SIKES. Is the need for the dependent shelters considered as serious as it was initially, now that the major conflict, hopefully, is over?

Mr. SOUTH. This is a little bit out of my area, Mr. Chairman. I would say this: That before any are approved the need has been substantiated in some detail but I would be happy to provide additional information on it.

Mr. SIKES. All right.

[The information follows:]

The Office of the Secretary of Defense continually reviews the program in order to determine if U.S. support should be continued. Defense Attaché Office, Saigon, has confirmed that continuation of U.S. support for the dependent shelter program is required.

Mr. SIKES. You had hoped to complete the program in what year?

Mr. SOUTH. In calendar year 1975, sir.

Mr. SIKES. And now do you still think you can do that?

Mr. SOUTH. No, sir. Actual completion dates cannot be specified at this time.

Mr. SIKES. Supply what you can for the record.

[The information follows:]

The program as originally planned was to have been completed by the end of CY 1975. As of June 30, 1973 43,000 units have been completed with 73,500 to be constructed. Of this total, 14,632 are currently under construction.

The actual rate of progress has been dependent on self-help labor. The RVNAF has indicated that it desires to reduce the self-help aspects to make military units available for more visible work in assisting the civilian population. We are concerned about our ability to adequately control the material processing aspects as well. These two elements have resulted in a reevaluation of the means of accomplishing the remainder of the program which is now in progress. The rate of placement under some modified procedure is as yet unknown although we are hopeful that it can be as rapid if not faster than in the past.

CONTINGENCY FUND

Mr. SIKES. You are not requesting any new funding for the emergency fund in fiscal 1974. Give us your unobligated balance in this account as of the latest available reporting date.

Mr. SOUTH. All right, sir.

On the contingency fund, the funds, when approved for utilization, are transferred out of the contingency, or out of the Defense agencies MILCON appropriation, into the military construction appropriation of the Department using them, that is, Army, Navy, or Air Force. They do get comingled for purposes of dollar reports that come to my office with overall military construction funds of the departments.

I can give you the unobligated balance for the record.

[The information follows:]

As of June 30, 1973, the unobligated balances of contingency funds previously transferred to the military departments were: Army—\$6.1 million; Navy—\$0.5 million; Air Force—\$1.4 million.

Mr. SOUTH. I can speak, however, to the unallocated balance which may be helpful.

Mr. SIKES. All right.

Mr. SOUTH. We had, at the time we put the budget together, \$54 million of unallocated balance. It is very difficult to forecast usage of these funds. The general purpose for which they are appropriated is for unforeseen or urgent requirements.

We had forecasted that during fiscal year 1973 we would utilize \$24 million, which would leave us with \$30 million going into the beginning of fiscal year 1974, but as a matter of fact we have been able to tightly control the use of these funds and we still have \$54 million available as of June 30, 1973.

Mr. SIKES. At the rate of obligation for fiscal 1973, how long would the current balance carry you into fiscal 1975?

Mr. SOUTH. I would again have to state that forecasting the rate of usage of the contingency fund is very difficult but my best guess is that we would have sufficient funds to carry us through three-quarters of fiscal year 1975.

CONTINUING RESOLUTION

Mr. Nicholas. Would this activity and the Southeast Asia construction which we discussed earlier be carried on under the continuing resolution into fiscal year 1975 until you receive any additional appropriations you require?

They are both continuing programs. Do you have any idea whether

they would be eligible and at what level these programs might be carried on?

Mr. SOUTH. Yes, sir.

In order to continue in fiscal year 1975 under a continuing resolution in the format as it is now written there are limitations in terms of the lower of what new appropriations have been requested for fiscal year 1975 or the current rate which in this case would be the rate for fiscal year 1974.

Now, in the case of the two areas that you mentioned, the Southeast Asia fund and the contingency fund, although we are not requesting appropriations specifically for these purposes in fiscal year 1974, subject to reprogramming requirements, construction funds appropriated for fiscal year 1974 would be available for these purposes as well as prior year funds which, of course, all merge and become part of the same no-year appropriation.

Under the continuing resolution, it has been the policy of the Department of Defense to use that authority only for advance planning and minor construction, which are permanently authorized, primarily because in the construction area we must have authority, which is the major problem.

Mr. NICHOLAS. Does it allow you to carry on these activities at the rate of obligation or the rate of activity which you actually carried on in fiscal year 1974?

Mr. SOUTH. You are permitted to do that within the unobligated funds that you have available. However, as I understand it, under the continuing resolution, although we have not done so in this type of case, we could proceed under that authority if we already had construction authorization.

SAVINGS IN CONSTRUCTION PROGRAM

Mr. SIKES. In the record of Mr. Sheridan's testimony, we included certain statistics as to the amounts of funds which are saved in each annual military construction program. These savings may be soaked up by reprogrammings, congressional reductions in unobligated balances, or OSD application of these funds to reduce appropriations requests.

In essence, because of project cancellations, amounts included in estimates for contingencies, and actual savings, the estimates for military construction always exceed the amounts actually required.

ALLOWANCES FOR CONTINGENCIES

How much is included for contingencies in each of the services' 1974 budget request, and how does this compare to the percentages allowed in previous years: Army, Navy, and Air Force?

Mr. CARTON. Sir, in making up our estimates for the fiscal budget for the normal project we include a contingency of 5 percent.

For the more complex or unusual projects, primarily hospitals, laboratories, or rehabilitation work, our contingency is 10 percent. This is about the same level of contingency that we have used over the past several years, sir.

We do not, of course, put a contingency on things that are covered by a statutory limit or for general authorization.

Mr. SIKES. Do you have an overall feeling of how much it is, what

portion of the program it represents? Is it 6 percent by the time you average it all together?

Mr. CARTON. I should think it would be about 5 percent, sir. I could confirm that if you like but I believe it would be about 5, because, for example, we don't have a contingency for NATO funds or general authorization.

Mr. SIKES. What about the Navy and Air Force?

Mr. NASH. For the Navy we also include 5 percent in most of the projects for contingencies; where we have an exceedingly small project or one that is complex we include a larger amount.

This could be as much as 10 percent but it would vary with the individual project. This is the same policy that the Navy has been following for some years.

Mr. LEE. Air Force instructions to the field are that projects will be priced in accordance with the OSD pricing guide. This pricing guide has costs for all types of facilities based upon contract awards at a certain period of time. To the price developed from that pricing guide for the facility we apply the rate of escalation as permitted by the Office of the Secretary of Defense and also derived from the Engineering News Construction Cost Index. That is the price we come up with for each project.

There is no contingency added by the Air Force.

GENERAL ACCOUNTING OFFICE REPORT

Mr. SIKES. A recent report by GAO indicates that there are substantial savings in annual military construction programs from various sources. When you have examined it I would like you to comment on its findings with regard to the annual savings that occur in this area.

Mr. SOUTH. All right, sir.

[The information follows:]

The stated purpose of GAO report B-159896, extent of cost growths and delays in construction programs of the Department of Defense, is to provide the interested committees of the Congress with an overview of the implementation of the fiscal year 1970 military construction program. Our evaluation indicates that the data contained therein is factual. However, coverage is oriented toward program execution and the report does not provide an adequate basis for determining net savings, total cost increases, or reprogramming costs; nor does the report address the subject of the use made of savings by the Department of Defense. The report reaches no conclusions and provides no recommendations.

During the course of the review of fiscal year 1974 military construction requirements, all active projects previously authorized and funded by the Congress were reexamined for validity and possible recoupments from prior year programs. Net recoupments not previously applied to other requirements through reprogramming, including fiscal year 1970 recoupments identified in the GAO report, were applied by the Department of Defense to reduce fiscal year 1974 fund requirements. Net recoupments/reductions applied to fiscal year 1974 include Army, \$42 million (including \$20 million NATO infrastructure); Navy, \$12 million; and Air Force, \$20 million.

COMMITTEE REDUCTIONS BASED UPON SAVINGS

Mr. SIKES. Since the committee's markup unfortunately will be sometime in the fall of the year, why would it be inappropriate for the committee in our markup to take account of the savings which will occur in fiscal 1974 just as you have done in December or January in the past year or two?

Mr. SOUTH. Mr. Chairman, that certainly would be appropriate. One of the difficulties that we have there, however, is to forecast what the savings will be if there are savings and we have the possibility, if the savings do not generate in the amount anticipated, that we will have an approved program for which we do not have funds to fully execute.

Mr. SIKES. You can cover this more fully for the record.

Mr. SOUTH. All right, sir.

[The information follows:]

It is appropriate that the committee in their mark up take account of possible savings in the fiscal year 1974 military construction program and we welcome this. However, we ask that consideration also be given within the total requested in the President's budget to providing for the significant cost increases which have occurred subsequent to the preparation of the President's budget. These unbudgeted requirements include:

(1) A significant and continuing escalation in construction cost.

(2) Significantly increased cost stemming from recent devaluations of the U.S. dollar. Details of the \$39.950 million unbudgeted cost of the U.S. share of NATO infrastructure have been previously provided you. Increased fiscal year 1974 devaluation costs other than NATO infrastructure, based on the current market value of the dollar are estimated as \$21.5 million (\$5.7 million MCA; \$9.5 million MCN; \$6.3 million MCAF).

In addition to the unbudgeted cost of dollar devaluations and cost escalation, we face the usual risks of encountering conditions not anticipated in our estimates and of the inaccuracies inherent in preliminary estimates and designs. The overall risks are such we do not believe it prudent to reduce the DOD request at this time, in anticipation of fiscal year 1974 savings, and request that within the limits of the President's budget, provision be made for authorizing and financing the highly significant costs stemming from the devaluations of the dollar.

USE OF FAMILY HOUSING SAVINGS

Mr. SIKES. In your family housing accounts, there are a considerable number of projects which have had to be dropped because of base realignment actions. Can you provide for the record the status of funds and funding requirements in each of the services and the Defense Agencies' family housing programs? Show the projects which will have to be canceled. That is for the record.

Mr. SOUTH. Yes, sir.

[The information follows:]

FAMILY HOUSING CONSTRUCTION, ESTIMATES OF FUNDING AVAILABILITY AND REQUIREMENTS, FISCAL YEAR 1973 AND PRIOR YEARS

[In millions of dollars]

	Unobligated balance, June 30, 1973	Amount needed to complete projects underway	Amount needed for approved projects still required but not started ¹	Funding deficiency (—) or excess (+) (including effect of base closures)
Army.....	148.4	17.0	128.4	+3.0
Navy.....	147.3	32.2	94.5	+20.6
Air Force.....	144.9	8.0	140.2	-3.3
DIA.....	.2	0	.2	0
DSA.....	(3)	(3)	(3)	0
Total.....	440.8	57.2	363.3	+20.3

¹ Amounts reflect award of certain fiscal year 1973 projects under the fiscal year 1974 statutory limitations after enactment. However, Air Force would require amendment to the fiscal year 1973 authorization for new construction of \$2,100,000 for authority to utilize that portion of the deficiency shown.

² Includes \$1,200,000 for reprogramming.

³ Less than \$50,000.

Family housing construction projects cancelled

<i>Installation</i>		<i>Millions</i>
Army:		
Fiscal year 1972: Carlisle Barracks, Pa.....		1.8
Fiscal year 1973		
Grand Forks ABM Site, N. Dak.....		6.0
Fort Monmouth, N.J.....		2.6
Subtotal, Army.....		10.4
Navy:		
Fiscal year 1972: NC Long Beach, Calif.....		6.9
Fiscal year 1973:		
NC Long Beach, Calif.....		9.4
NAS Lakehurst, N.J.....		5.1
NC Newport, R.I.....		4.8
Subtotal, Navy.....		26.2
Air Force:		
Fiscal year 1973: Laredo AFB, Tex.....		4.3
Grand total.....		40.9

Mr. SIKES. To what extent do you anticipate that savings generated as a result of base closures may be required to meet higher costs of the remaining fiscal year 1973 projects, including the Safeguard family housing at Grand Forks?

I would like for you to take into account the application of proposed fiscal year 1974 average cost limitations as applied to the residual fiscal year 1973 program where this may be necessary.

Of course you will have to supply details for the record, but do you have any comment at this time?

Mr. SOUTH. I would like to ask Mr. Okerlund from my office to comment on it.

Mr. OKERLUND. Mr. Chairman, we do anticipate a significant portion of the family housing funds which will be made available as a result of the base closures will be needed to finance the higher costs of the fiscal year 1973 projects and we will provide the details for the record.

[The information follows:]

Specifically we expect savings from canceled projects will be needed for increased cost of fiscal year 1973 projects as follows: Army—\$7.4 million; Navy—\$5.6 million; and Air Force—\$6.4 million.

SAFEGUARD FUNDS

Mr. SIKES. All right.

Can you now, or for the record, bring us up to date on the Safeguard funding requirement?

In other words, will the available funds be adequate to meet the cost of claims at Grand Forks?

Mr. CARTON. Sir; may we do that for the record?

Mr. SIKES. All right.

[The information follows:]

The Safeguard MCA consists of \$646.8 million appropriated during fiscal year 1968-72. This amount includes \$49.7 million being held in reserve until actual Malmstrom termination and retribution costs are known; and to guard against unforeseen increases at other locations, such as Grand Forks. A re-

programming action pending before the Congress will, if approved, reduce the reserve to \$29.1 million, and in turn reduce the overall MCA funds available to \$626.2 million. This net \$626.2 million is considered adequate to meet costs of the present on-site program, including the anticipated cost of Grand Forks claims.

Mr. SIKES. Mr. Davis.

TERMS OF AVAILABILITY OF AUTHORIZATION AND FUNDING

Mr. DAVIS. I am a little bit concerned about the pileup of funds here.

Is there any limit on the continuing availability of funds appropriated for military construction?

Mr. SOUTH. No; Mr. Davis, in terms of the appropriations, they carry over year to year. The authorization does expire 15 months after the end of the fiscal year.

The funds, however, sir, do remain available until expended.

Mr. DAVIS. What does that mean, 15 months? Do you have to put it under contract within 15 months?

Mr. SOUTH. Fifteen months after the end of the fiscal year, yes, that some of the funds have to have been obligated for a particular project to preclude the authorization from expiring.

Mr. DAVIS. Do you have any substantial projects at the present time where the authorization has expired on that basis?

Mr. SOUTH. I would like to ask the services who have the details on the projects to respond to that.

Mr. CARTON. We do not have any large projects, sir. Occasionally we lose a small one and we have had, in the years past, a few which are not required because of base closures which are allowed to expire. In these cases there has been no attempt made to obligate funds.

But I cannot recall at the moment any substantial project which we have not been able to get underway. The law does permit us to come back and ask the Congress for an extension of authorization if we find for some reason we cannot obligate on schedule. We have done this in the past where we have had a problem.

Mr. DAVIS. What do you have in the way of backlog of authorized but unfunded projects? Do you have any substantial number of those?

Mr. SOUTH. Yes, sir; there are usually in each fiscal year projects that are authorized and not funded. On those, the fact that this committee and the Senate Appropriations Committee and the Congress specifically did not fund those projects, even though they are authorized, they will not be constructed. They cannot be constructed.

They were specifically denied by the Appropriations Committees.

Mr. DAVIS. In any of your reprogramming requests so far this year have there been any of those projects—

Mr. SOUTH. No, sir; the reprogramming requests this year have been in terms of utilizing what we call the 02 authority that each military department has had approved by the Armed Services Committees. It is generally \$10 million of emergency authority, but no specific projects are identified to that authority.

There has been one request approved, I believe, for the Army by this committee for additional planning money which is permitted under continuing authority and there was a reprogramming request approved for Army by this committee for \$20.6 million which was for NATO

infrastructure. This was within the overall 10-percent deviation permitted by the authorization act.

We have not reprogramed any funds or requested your approval for reprograming funds against a project that was authorized but specifically not funded by this committee.

Mr. NICHOLAS. There is one exception, the project at McClellan, for which the appropriations were deleted last year. But the report did allow the Air Force to request a reprograming for that.

Mr. SOUTH. I stand corrected on that. The committee in their report clearly expressed their intent that, if it was determined that the project should go ahead, we should come in under the normal reprograming procedures, which we did.

CONTINGENCY FUND

Mr. DAVIS. I am trying to get a grip on this \$30 million contingency fund.

There was an item of \$30 million in the budget which we discussed. In effect did you say we don't need that \$30 million because we already applied that to other projects in the program?

Mr. SOUTH. I feel, Mr. Davis, I haven't made myself clear on the contingency fund.

First, I would like to state very clearly that no funds are being requested in the fiscal year 1974 budget. We indicated a \$30 million number in there as being the amount we anticipated might be utilized for emergency construction during fiscal year 1974.

If I may go back to the December time frame when the Secretary of Defense reviewed this particular fund, he had \$54 million of unallocated prior-year money at that time.

Again I would like to state it is very difficult to forecast unforeseen and urgent requirements, which is basically what that covers. We forecasted at that time, that of that \$54 million, projects might come up, urgent national security type projects, during the balance of fiscal year 1973 in the approximate area of \$24 million. If that forecast had proven true, we would have ended fiscal year 1973 with unused funds of \$30 million.

We further forecast that projects that might be approved during fiscal year 1974 would total \$30 million, and therefore, at the end of fiscal year 1974, there would be a zero balance.

Now, our first forecast in terms of usage in 1973 turned out to be completely off in that the Secretary did not approve any projects utilizing these funds from the time he reviewed the budget in December until the end of fiscal year 1973 so, frankly, we have right now \$24 million more than we anticipated we would have at this point in time.

Mr. DAVIS. What do you anticipate is going to happen to that \$54 million?

Mr. SOUTH. If the money is left remaining in the account we would anticipate then it would be used to offset any fiscal year 1974 and fiscal year 1975 requirements. It cannot be used for anything other than specifically what it was appropriated for, which is urgent construction vital to the security of the United States, upon which the Secretary of Defense has to make a decision on each individual request personally and so notifies the Congress immediately upon making that decision.

Mr. DAVIS. It is simply a notification procedure and not a prior approval procedure?

Mr. SOUTH. Yes, sir, it is a notification procedure but certainly the Congress could raise objections to specific actions. The Secretary of Defense has to notify the Congress immediately before any construction gets underway.

Mr. DAVIS. Has that been in existence a long time or was that primarily a Southeast Asia item?

Mr. SOUTH. It was initiated because of Southeast Asia. In the first year, fiscal year 1966, it was used strictly for Southeast Asia. In subsequent years it has been worldwide and it is not specifically connected with Southeast Asia.

UNEXPENDED BALANCES

Mr. DAVIS. Your unexpended balances continue to climb and I notice it is anticipated that they will exceed \$4 billion in fiscal 1974. Does that indicate that we have been providing more money than you have been able to handle?

Mr. SOUTH. No, sir, I don't feel that it does. The military construction program, as you are aware, is a very slow starter. In any fiscal year, such as fiscal year 1974, the amount of that program that will actually result in expenditures in fiscal year 1974 is somewhere between 5 and 10 percent.

The money usually gets apportioned, say, in January of the fiscal year. The leadtime involved in letting the contracts and actually getting construction under way does not allow any substantial amount of actual outlays or payment of funds to contractors in the fiscal year in which you get them.

In the second fiscal year following that it will approximate somewhere between 30 and 35 percent with about the same amount in the third year and in the fourth year spending the rest of it out.

There is a long leadtime involved in actually executing the construction program, so when we see that large unexpended balance, it is really there to cover projects that were contracted for in fiscal years 1971, 1972, and 1973, even 1970, more than it is the fiscal year 1974 program.

Mr. DAVIS. Does the Bureau of the Budget place an expenditure ceiling on your operations?

Mr. SOUTH. Not specifically on the military construction account. There is an overall Department of Defense outlay approval by the Office of Management and Budget when the budget is put together and, of course, in making up the overall total our estimate is part of that total, but it is not controlled in terms of individual accounts.

In other words, if the operation and maintenance outlays went up some and MILCON went down some within the total, that is not controlled. What the Office of Management and Budget does is apportion construction funds to us on an individual project basis.

In other words, funds are apportioned not in lump sum as they are in, say, the procurement accounts, but the funds requested for apportionment must be justified for specific projects. They are then apportioned on a line item basis.

Mr. DAVIS. I am rather curious. You anticipate in fiscal 1974 reducing your unobligated balances but increasing your unexpended bal-

ances. Does this mean that you are delaying payment in any instances here, carrying over from one fiscal year to the next as a result of expenditure limitations, or something of that kind?

Mr. SOUTH. No, sir; the expenditures have been permitted to fall free. We do see that we are projecting a higher unexpended balance at the end of fiscal year 1974, as you mentioned, over fiscal year 1973.

This reflects the upward trend in the amount of money that has been appropriated for military construction in fiscal years 1971, 1972, and 1973. This upward trend primarily has been because of increased emphasis on the "people-type" projects, such as improving and modernizing troop housing pursuant to the all-volunteer force concept, improving our medical facilities, and additional family housing. When we have a period in which the program is increasing on a year-by-year basis the outlays will lag the obligation rate and will lag the program rate.

Now, if we have the program descending we will begin to pay off these prior-year programs. They build up at this point and the outlays have not occurred.

Mr. DAVIS. When do you consider the money as having been obligated as reflected in your unobligated balance? Do you consider it is obligated as of the time the contract is let?

Mr. SOUTH. Yes, sir; the funds are obligated at the time the contract is let. This doesn't mean that each facility is covered by one contract and all funds are obligated at that point in time.

We have a gentleman here from the civil engineers who perhaps can speak to that better than I can.

Mr. CARTON. When we award a contract, sir, the amount of that contract itself obligated. Now, on an individual project we may award several contracts because it is more prudent to award them to different types of contractors, but we obligate, as we award, the amount of each contract. All funds which we are committed to pay to a contractor are placed in the obligated portion of the budget, and we also place in the obligated portion of the budget the funds required to supervise and inspect that job to its completion so that we are assured that we can complete the work on which we have made a legal commitment.

ANALYSIS OF UNOBLIGATED BALANCES

Mr. DAVIS. Based upon the off-the-record discussion that we have had, relating to the analysis of unobligated balances, with the chairman's approval could we put this analysis into the record?

[The information follows:]

CONSTRUCTION NCIAL PLAN
 23 ANALYSIS OF UNOBLIGATED B. CES AS OF JUNE 30, 1973
 (In Millions of Dollars)

July 24, 1973

<u>Active Forces</u>	<u>Unobligated Balance</u>	<u>Additional Amount Required to Complete Valid Authorized and Funded Program</u>		<u>Excess (+) or Deficiency (-) of Available Funds</u>
		<u>Work in Progress</u>	<u>Projects Not Started</u>	
Army	512.0	187.0	303.0	+22.0 a/
Navy	310.5	77.3	202.0	+31.2 b/
Air Force	<u>161.0</u>	<u>20.0</u>	<u>121.0</u>	<u>+20.0 c/</u>
Total	983.5	284.3	626.0	+73.2

a/ This \$22.0 million has been applied to financing of the fiscal year 1974 program. In addition to the \$22.0 million the following amounts are available to cover pending reprogramming actions:

For NATO Infrastructure	\$20.6 M
For CONUS Army Reorganization	3.1 M

b/ The \$31.2 million consists of:

Applied to finance the FY 1974 Program	\$12.0 M
Identified for reprogramming:	
Athens, Greece	2.0 M
Classified Location	5.1 M
Planning and Design	3.7 M
Current excess	8.4 M
Total	<u>\$31.2 M</u>

c/ This \$20.0 million has been applied to financing of the fiscal year 1974 program. In addition to the \$20.0 million the following amounts are available to cover pending reprogramming actions:

McGuire AFB, New Jersey	\$1.6 M
McClellan AFB, California	3.8 M

PROJECTS CANCELLED DUE TO BASE CLOSURES

Mr. DAVIS. Do we have anywhere in the record, so far as you know, an indication as to what part of these funds that are not going to be needed by the services are related to base closures or realignments?

Mr. SOUTH. We have that information and will be glad to put it into the record.

Mr. DAVIS. If you would.

[The information follows:]

Firm savings due to cancellation of projects not now required as a result of base closures and realignments are: Army, \$0.2 million; Navy, \$22.7 million; Air Force, \$0.5 million. Funds made available from these cancellations have been fully taken into account in our current analysis of unobligated balances, in which we have identified amounts to be applied to finance the fiscal year 1974 program and amounts required to finance pending reprogramming actions.

Mr. DAVIS. That is all, Mr. Chairman.

Mr. PATEN. Thank you. Professor Long.

CONGRESSIONAL CONTROL OVER APPROPRIATED FUNDS

Mr. LONG. Thank you, Mr. Chairman.

Mr. Davis, you have had some very interesting questions, as you always do. Some of my questions may duplicate some of yours.

I am concerned at the amount of money that is unobligated at the end of the fiscal year, how much money is carried over, because it does seem to me that Congress is driving a team with too loose a rein, and I am just wondering what can be done to bring this more closely under control.

I can recall a specific instance, which I think was very unfortunate. The Navy has admitted it was unfortunate. That was in the case of the Bainbridge Naval Station, in which a decision was made about 9 or 10 years ago to move to Orlando, Fla. The very month that the decision was made, or announced at least, they broke ground up in Bainbridge on a new WAVE building, which now is to be disposed of, I gather.

Bainbridge is declared excess, and the Navy is hoping to find some way to sell it for some commercial use. Some \$2 million was put into Wherry Housing up there, and now the Wherry Housing, I believe, has been described as obsolete, no good, and the Navy wants to dispose of it. All this came about, I think, because the Navy had money, had gotten an earlier authorization by several years, and an appropriation a couple years before to build that WAVE barracks. Then Congress was allowed to forget all about it. Then the decision was made, an administrative decision, to move the installation; and I believe the Defense Department has admitted it was a wasteful project. Can you comment on that, as to what we can do to drive this Defense budget with tighter reins?

Mr. SOUTH. Mr. Long, I feel that the Congress is driving it with tight reins. We have shared your concern on the large amount of unobligated funds when you look at the total dollars that appear at the end of any fiscal year. That, to some extent, reflects the time it takes to get the money apportioned. The new money we get in the fiscal year, has historically been in January of the fiscal year. In order to have continuity of construction, and have construction proceed during the

months of July through January we need a fairly large balance. That accounts partially for the unobligated balance on June 30.

If we don't have the new appropriation available in July, we cannot proceed under a continuing resolution on new military construction projects but only can proceed with projects that the Congress has previously specifically authorized and funded, so to some extent this reflects providing continuity of construction.

We have also gone back and analyzed this over several years. We also have consistently had projects that we had hoped to award in the fiscal year, and did not do so. In trying to analyze what causes this, we find we have run into technical difficulties, problems getting responsive bids, many problems none of which we can really forecast on an individual project basis. We can not definitely say we are only going to request funds for those projects that are definitely going to get obligated by June 30. In advance, we can't forecast which one of these projects will run into these difficulties and will not get awarded.

FULL OR PARTIAL FUNDING

Mr. LONG. In other words, you can't come to us and say here is a project that is going to cost \$10 million and we are going to start in fiscal 1974, but we will only complete half of it in fiscal 1974, so we have an authorization for \$10 million, but we only want an appropriation of \$5 million, that part which we will complete by the end of 1974. That is not practical?

Mr. SOUTH. No, sir, it is not practical, and I think it is much better that we have the project authorized and the Appropriation Committees agree it is a valid project and appropriate the funds.

Mr. LONG. I can understand the authorization. You would need an authorization before you start, but why do you have to have all the money appropriated for the whole project, if the prospects are that you will only complete a half of it or a third by the end of the fiscal year that we are appropriating money for?

Mr. SOUTH. This gets into the concept, of course, of incremental funding versus full funding.

Mr. LONG. Why should we appropriate any money if the chances are you are not going to break ground? I believe that the Bainbridge WAVE barracks had been appropriated for several years earlier. It wasn't just a matter of a few months' delay. It was a long lag.

Mr. SOUTH. The desirability, once a facility is approved, once it is authorized, the desirability of having the resources to carry out—

UNOBLIGATED BALANCES

Mr. LONG. But do you have to have all of the appropriations? I understand that on individual projects you often can't pinpoint precise starting times, how much progress is going to take place, and how much money must be paid out during that year. Projects are going to be underdone, overdone, move ahead too fast, too slow, and so on. That is where your contingency funds come in. Why can't we give you a certain amount of money to play around with, to cover the difficulties, perhaps the lags; but, generally speaking, try to give you the only money you are going to spend for the coming fiscal year?

Mr. SOUTH. I was responding to that, I realize, in generalities. I would like to hear from the military departments who actually engage in executing the programs.

Mr. CARTON. Sir, there are perhaps two concepts you are talking about, the one of incremental funding, where we would award an entire contract, and we would get appropriated from the Congress, as we go along, funds to pay the contractor. This is sometimes done on a civil works project such as a major dam, where you have a very large amount of money.

The advisability of this has been discussed before. The majority of our military construction projects are relatively small compared to a civil works project. We have a large number of projects at about \$1 million. With most of those projects you run the chance that the contractor will complete the work earlier than scheduled. If I understand your concept, you are speaking of giving us \$200 or \$300 million, and saying, "Cover what the contractors bill you for during this year."

Mr. LONG. Yes. You don't have to come back to Congress for every stage in, say, a \$1 million contract, but why do you have to have \$1.5 billion unobligated by the end of the fiscal year? I think that gives you too much money to play around with.

Mr. CARTON. You are speaking of the unobligated portion, sir, as distinct from unexpended funds on contracts which were awarded. Contractors are given progress payments out of already obligated funds and not from the unobligated balance. Let me speak to the unobligated balance and tell you why we are in that position. Our biggest problem with the unobligated funds is the pollution abatement program. In our program, there is over \$100 million, and I would venture to guess in the other services there are also substantial amounts; where we have programed pollution abatement projects, we have the funds available, and we are straining at the bit to put them under contract. The changing standards have delayed us in many cases. In some cases, as we mentioned earlier, the municipalities have not been ready to join with us.

Also in that unobligated balance is the \$22 million of the \$120 million which Mr. South spoke of, which is to be applied against next year's budget. These are funds that we are in essence returning to the Congress for use against next year.

In that unobligated balance also is our contingency funds for unforeseen conditions during the course of the construction, for contractor claims and this type of thing. There are a few projects which have—

Mr. LONG. What are you up to now?

Mr. CARTON. For the Army \$108 million. I am speaking now for the Army only. I can't speak for the other services; \$110 million for Army pollution abatement projects, \$22 million for the fiscal year 1974 budget and approximately \$50 million for on-going work. We also have funds for two programs which are coming to an end.

Mr. LONG. That has also been very loose, and, I gather, is an unusually large sum of money which you are proposing to reduce.

Mr. CARTON. The funds for on-going work, are needed due to the fact that we in the engineering profession just can't foresee some of the things that are under the ground.

Mr. LONG. That is why I made my previous statement. I am willing to let you have, say, a couple hundred million dollars to take care of

all these individual project schedules. It seems to me that ought to be enough and not \$1.5 billion.

Mr. CARTON. May I mention a couple of more items? There are two programs in the Army program that are coming to an end where we have in essence residual funds we are using up. That is the Southeast Asia program and the Safeguard program. In the Army program that would amount, between them, to over \$100 million. We are working toward an end on that.

There are also funds for a number of projects which slid over June 30. In this vicinity for example we had a \$20 million project for Harry Diamond Laboratory. We had it out for bids and were ready to open the bids in June. However, the local contractors came to us and said, "The volume is just too heavy right now. Delay it until July," and we did. That project is all designed and we expect to award it this month. If we had our unobligated balance brought all the way down we would have no funds available for making our awards between June 30 and when we will get 1974 funds. The continuing authorization gives us no permission to spend funds on new projects. In other words, the continuing resolution does not allow us to spend anything except for design and minor construction. Therefore, of necessity we need some carryover to keep the program running from June 30 to January 1.

Mr. LONG. I am afraid you haven't caught on to what I am talking about. I am saying that you come before us with many line items. With those line items you give us an estimate of how much construction you were going to be able to obligate during the fiscal year. It is that amount rather than the full amount of construction projects that we appropriate. Then we give you at least a couple hundred million dollars to cover situations where you are going to move ahead more rapidly than was contemplated. Then if you have problems, toward the end of the fiscal year you come back to us for some sort of a deficiency. Heaven knows you are not bashful about coming to us for deficiency appropriations. Why can't it be done on that basis, so that we do not appropriate money year after year in which you have these huge sums that are not going to get spent. We know it and you know it, and yet it goes into the appropriation.

This is the most misleading issue in this country right now. Nobody understands the Federal budget. We all would like to think appropriation means spending, but it doesn't at all. That is what I am driving at. Are we both aiming over each other's shoulders? I haven't gotten through to you, you haven't gotten through to me.

Mr. CARTON. I hope not, sir. I believe I understand your point. I think we are going to achieve the goal you are aiming at of bringing down the unobligated balance. It is our definite objective to do this. It is the policy of the Department of the Army and the Department of Defense to reduce it to the minimum. For the Army, from last year, we brought it down \$162 million in our MCA account. We hope to bring it down again. We are aiming to get down to that minimum carryover that you speak of, and we think that we can do it under the present system.

Mr. LONG. Let's hear from the Defense Department on that.

Mr. SOUTH. Mr. Long, would you like to hear from the Navy and Air Force?

Mr. LONG. Sure.

Mr. NASH. If we were to have appropriated to us the amount of money that we would need to obligate during the budget year, and enough extra so that we wouldn't run into difficulties, that would be similar to our situation in the recent past years when we have been underfunded. Since this underfunding has not been too large, it has not delayed us in the execution of the program. When we come to the Congress with a list of items, we expect each individual item to be awarded during the fiscal year, or before we get the subsequent fiscal year's program. However, during the course of program execution some projects will slip. We don't know which ones they will be at the time we submit the budget, but there are always some which slip.

Mr. LONG. That is right, so you do need some money to make adjustments, but you don't need \$1.5 billion. If you only had it one year and you would never need it any other year, then I would say you have a good case. However, since you have approximately this amount every year it seems to me there is something that ought to be corrected in the interest of keeping our Federal budget under closer control.

Mr. NASH. We would have to look at each year's budget very carefully to make sure we didn't delay some projects because we didn't have the money.

Mr. LONG. I don't think anybody would want you to do that, if that were the only reason; but, on the other hand, in the case of the Bainbridge WAVE barracks it would have been a good idea to have delayed that project. Somebody miscalculated very badly there.

Mr. NASH. We have a policy now, Mr. Long, where we look at each individual item again right at the last minute before we make any contract award, even though it has been approved by the Congress.

Mr. LONG. On this matter, I wonder if you would put a systematic statement in the record as to your plans, the feasibility, legislation to be required, if any?

Mr. SOUTH. We would be glad to do it.

Mr. LONG. I think it would be very helpful. I think if we did this, Mr. Davis, for all of our departments, for 1 year at least the Appropriations Committee would have quite a good record. We would be voting far less money than was being requested, and we would come before the country with a pretty good record in that 1 year. From then on we would operate with a much tighter rein.

[The information follows:]

FULL FUNDING OF CONSTRUCTION PROGRAMS

The Department of Defense strongly supports the current congressional policy of full funding, that is, the appropriation of funds equaling the sum of all approved individual projects, planning, minor construction, and supporting activities requirements. A one-time reduction in appropriations by applying an overall factor for slippage of the program, thus reducing the unobligated balances would not compensate for the disadvantages inherent therein.

Such a general reduction could result in a shortage of funds to cover approved and programmed projects. The result could be the necessity to deapportion funds for valid unawarded projects to cover other higher priority projects as they progressed to the award stage. This has the potential for disruption of scheduled and approved program execution, and as a minimum it would increase the difficulty of administering the program.

While the application of a general percentage reduction in appropriations, without a reduction in program, would provide a lowering of the unobligated

balance, it would have no impact on the level of annual outlays—the amount of funds spent on construction.

As a minimum, an unobligated balance should exist at the end of a fiscal year to cover the fund requirements to complete ongoing construction, including contract change orders found necessary and for other costs associated with ongoing construction. Another need is to provide for continuing the planning, design, and minor construction programs and to provide for continuity in construction activities by the construction agencies until new programs are authorized, appropriated, and apportioned. In this regard, an unobligated balance permits the construction agencies to take full advantage of the total year, rather than compressing it within a 7 or 8 month period should new appropriations be delayed for 4 to 5 months after the beginning of the fiscal year.

Mr. LONG. I see you have a carryover of \$120 million applied to fiscal 1974. Why not much more than that? Why is it only \$120 million? This is really closely related to the questions I have been asking. In a small way that is what you are trying to do this year, is that right?

Mr. SOUTH. Yes, sir. The distinction here is that the \$120 million represents funds that were no longer required in the fiscal year 1973 timeframe. In other words, cancellation of projects, a reduction of Southeast Asia requirements, et cetera.

Mr. LONG. Are we talking about the same \$30 million that we were talking about the other day?

Mr. SOUTH. Yes, sir.

Mr. LONG. And you are planning to reduce that?

Mr. SOUTH. Yes, sir. Again I would like to emphasize that we are not requesting any appropriation of funds for emergency construction for fiscal year 1974. We had anticipated that at the beginning of fiscal year 1974 \$30 million would be all we would have and that would cover requirements in fiscal year 1974.

Mr. LONG. Thank you. Those are all the questions I have, Mr. Chairman.

FULL FUNDING

Mr. PATTEN. I am not going to prolong this except to make one or two observations. We have a job for a sports center up in Hackensack Meadows in the State of New Jersey. Three contractors walked off the job because they don't have the money. The State has a different system. The trouble in this case apparently is that while bonds were authorized, it must come out of an appropriation. They have had trouble selling the bonds. So at the site of the big sports arena that was supposed to bring the Yankees and a football team over, across the George Washington Bridge, three big contractors pulled all their equipment out because they are not being paid. I gather they are not being paid because the sports authority, which required a new law, a separate group, doesn't have the money.

We have been discussing this thing ever since I have been in Congress. We would love to go out of this committee and show a substantial saving on the budget request. But, the biggest cause of bankruptcy that I can see from personal observation in private business is where people undertake projects without having the money. Take an ordinary land developer. From the time he looks at the land until he gets his money back for selling the houses it is 4 years. When the fellows don't obligate from their assets, when they don't set aside enough, there is the most bankruptcy, as I see it. They get into a bind like right now where we are going through a tough period, for four or five good and well known reasons. There is little use going into one of our

banks asking for any mortgage money at any interest rate. There is no use my telling you why, with the Federal Reserve's moves and a few others. For instance, we have 50,000 VA mortgages approved. In my area there is no hope of any of them getting their money and buying the house, even though they may have bought the contract last March. They did not foresee the events which have come about.

Take a contractor who meets a payroll. Part of his payroll is withholding tax. If he has got an \$80,000 payroll and \$12,000 is supposed to be withholding tax, he doesn't set it aside for January, February, March, and April. He can owe more for his withholding tax than he is worth in October and the truth is he is bankrupt because he has been spending money he doesn't have. We talk about cost accounting. I don't have to tell you, Mr. South. We sit with a developer. He looks at a piece of land. It is a 4-year cycle, and when you don't set them up right for what their obligations are going to be, you are in trouble. This current period financially is proving that those who don't obligate properly and get their affairs in order are in trouble.

A fellow who started, say, in 1969, who is now in the market looking for a mortgage to sell his house, is in a worse situation than he anticipated when he started out. He made his plan. He may go bankrupt on account of this. I saw this in 1953. Many of the fellows went bankrupt because the situation changed.

How you should do it has been aired in this committee every year. It has been aired generally in the full Defense Appropriation Committee, and books have been written on it. With the hat you wear you carry out what the law is. I don't suppose you have made all of the general philosophy and laid it out. Were we to talk about whether or not you should obligate for what you know you need, a book could be written that your system is better than other suggestions. We use one system at the local level, a different system at the State level. You know, at the State level, if we are going to build a \$10 million road, even though we know it is going to take 4 years, it is common for the legislature merely to appropriate what will be needed in the current year. That is very simple. But I have piers built in my district in 1968 by the State highway department. They didn't get the money from the legislature and they can't proceed. They have no authority to proceed. The piers were built in 1969 and, 4 years later, they have no steel over the piers.

The whole philosophy of what is the best way to do it has been gone over many times. You are only small bait. If we talk about the whole Defense Department we are talking about a much larger sum of unobligated money. Think about the rest of the Federal Government. You mentioned public works. I am interested in Tock Island, and it seems to me I have been on this now for over 10 years. I think I am going backwards. There is a fight every year for the appropriation. A fight every year for the right to obligate is really rough. We have poured hundreds of millions in, and on account of ecology and a lot of other reasons, new laws, what we had planned to do in 1963 has not come to pass I don't know what that does with our structure because of the delays, because of the new laws we have passed on environment, and because of the new financial situation we are in, with high interest rates, trying to sell bonds, and things of that type.

There are some who will defend your present system strongly.

Mr. LONG. Is my friend saying that we should continue to give these vast sums of money to carry over from one year to another because there is some possibility we can't sell Federal bonds when the time comes?

Mr. PATTEN. No; but if you are going to use that system at the State level you get into real problems. I gave you a specific illustration.

Mr. LONG. I wouldn't argue that in doing it at a State level you may have a different problem. As long as we have Federal Reserve banks we can always sell our Government bonds.

Mr. PATTEN. We started projects. Then there was a change of heart a year or two later, and we threw a couple hundred million down the drain. I can give you a very good illustration. In 1964, we went on with a program of accelerated public works which was started in 1963. We built our beautiful county administration building with that money, to stimulate employment. It is beautiful. Nobody has ever criticized it dollarwise or from any other angle. But the Congress, in 1964, would not pass it.

It was only a 1-year authorization. There were loads of worthwhile projects half started, on the planning board, or all designed. Everything went down the drain because the Congress didn't vote the accelerated works program in 1964. It lost by one vote on the floor. A tremendous amount of work was wasted. As you know, if you are in the first year of a submarine, an aircraft carrier, or something else you can't stop and go. If you have knowledgeable people in the proper profession go over our budget system here, you will find many friends for the system we use. It is very tempting to pick up that unobligated balance, when the truth, as I see it, is we need it to operate a sound program.

We always have a right to reverse an obligation. We have done it many a time. We have authorized, we have obligated, and have reversed ourselves, in my time here in the Congress, programs have been abolished, sometimes at the request of the administration.

I can give you five quickly. Somebody can say it is a waste of money. Well, that is how it is in real life. I had no anticipation of getting into the whole philosophy of how we should budget for the Federal Government, particularly the Defense Department, but much has been said about this in my 10 or 11 years here. This has come up continuously in the subcommittee. I am not advocating a change in the system.

Mr. LONG. Mr. Chairman, I might say as a Congressman if I had to choose, I would choose to have the Congress waste money rather than the Defense Department. That is why I opt for tighter controls. What you apparently are proposing is that the Defense Department be given so much money to protect Congress from its own stupidity.

Mr. PATTEN. That is a strained interpretation and foreign to my thoughts. If there is any free man who has a vote on this committee to save a dollar, I am that free man. I have no particular tie-ins with any group, organization, department or anything else. In my heart I feel I am free as a man can be here to make a decision, and I know everybody in my district is a taxpayer, and I feel it when I go home. I can be no more of a hero than if I save dollars. Forget about all your other issues. I never forget that. My whole background is banking, as a bank attorney, and as a lawyer, and I have a right to feel that any

time I have voted here, I have the taxpayer in mind more than any one else. I can support that with a lot of votes. I don't hesitate to vote against something just because it is new. We didn't have it last year and we don't need it. It takes a lot of doing to sell me a new bill of goods, a new building, a new commission, a new bureaucracy. You have a lot of tough selling if you want me to adopt a new program in the light of the present circumstances.

Everybody looks at that unobligated balance as if it is ice cream, something we can all work on. If anybody wants to make a specialty of it, they can get plenty of documentation as to the feelings of economists, financiers, good legislators, private institutions, all who have made a critical survey of our operation, and they can find volumes advocating the system that we are using. The way to hit it would be to say let us analyze what your unobligated balance is, and if you have a project in here for housing, and we don't want that housing, we can this minute reduce it.

Mr. SOUTH. I agree, Mr. Chairman.

Mr. PATTEN. You have to be specific.

Mr. SOUTH. We will, in response to Mr. Long's earlier question, insert strong justification in the record.

Mr. NICHOLAS. Could you provide the committee, not for the record, but presumably at the latest point in which it can be done, information to be used in the markup, a breakdown of the Southeast Asia moneys between the various services, and what you expect will be left over at the end of fiscal year 1974?

Mr. SOUTH. Yes; I will give that to you.

Mr. SIKES. Gentlemen, I have to be on the floor and I have to be in another subcommittee so I am spread a little thin this afternoon. I want to thank you for your presence here and your testimony. You are always cooperative and of course the information which you provided now and are to provide for the record will be very useful to this committee.

Mr. SOUTH. Thank you, Mr. Chairman.

TUESDAY, JULY 24, 1973.

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

FORT CAMPBELL, KY.

WITNESS

**HON. ROBIN BEARD, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF TENNESSEE**

Mr. SIKES. The committee will come to order.

The committee is pleased to hear this morning the Honorable Robin Beard of the Sixth District of Tennessee. This is your first appearance before the Subcommittee on Military Construction and you represent a famous and important part of Tennessee. We will be glad to hear you and I want to compliment you on your interest in speaking up for the needs of your district.

Mr. BEARD. Thank you, Mr. Chairman.

STATEMENT OF HON. ROBIN BEARD

Mr. Chairman, I am grateful for the opportunity to appear before this subcommittee to urge favorable action on the military construction budget request as proposed for Fort Campbell.

In the post-Vietnam era, the Army is facing a terrific dilemma of having to win renewed public support. While the bombing in Indochina goes on and American negotiators continue their efforts to achieve a workable peace agreement, the Army is for all practical purposes disengaged from Southeast Asia.

Now is the time for moving toward the goal of bringing the Army and all military services back to the status of support once enjoyed with the American public. To accomplish this, our most pressing task is going to be attracting and maintaining high-caliber personnel trained in highly sophisticated and complex defense systems and technology. Most of you are aware that the 101st Airborne Division based at Fort Campbell is among the best examples of the new Army—an efficient, hardcharging, quick-reacting, and quick-striking force. It is a division capable of almost immediate mobilization. But, if we are going to keep the 101st at this level of training and readiness, improvements in support and base facilities, such as those proposed in the DOD request, will have to be approved by this committee and ultimately by Congress.

While it is true that a basic grade trainee in the Army today earns almost three times what he made a couple of years ago, this alone is not sufficient to assure the quality and quantity of enlistments and re-enlistments necessary for strike force capability.

In this day and age with high paying civilian jobs available for almost any skill level, you can't pay a man enough to live and work in an environment that is substandard in any way. The objective of the Fort Campbell military construction program for fiscal year 1974 is to bring facilities at Fort Campbell up to the standard.

In March 1973, on my first official tour of Fort Campbell, I was struck by the existing condition which now prevails and I can assure this committee that the construction program envisioned for the coming fiscal year is absolutely necessary. To demonstrate, I have brought for the committee's consideration photographs of existing facilities.

BARRACKS

Temporary: This photograph shows a typical maintenance problem with the World War II mobilization barracks at Fort Campbell. Maintenance of the exterior of these buildings is very costly because of the fact that paint will not stay on the pine exterior siding. Even when these barracks are painted in the 4- or 5-year cycle, the paint blisters and peels, occasionally siding will deteriorate requiring patching. During World War II, when these buildings were constructed, due to the materials shortage, gypsum board was used under the pine siding for sheathing. This sheathing retains moisture and accelerates the deterioration of siding and paint.

Permanent: These photographs were taken to show the lack of privacy that enlisted men now have in the permanent barracks. Twenty or more enlisted men sleep together in these open barracks bays with

no cubicles or partitions for privacy. This is one of the main objections today's young soldier voices about living conditions in the Army. There is no reason why young men in the Armed Forces should not be entitled to a reasonable degree of privacy in their living and sleeping accommodations. These bays, as originally constructed, are ideally suited for divisions into two or three men rooms by addition of 4-inch concrete masonry partitions. These barracks will become comparable, insofar as individual privacy is concerned, to college dormitories.

To replace the World War II style barracks, shown in the earlier photos, the Department has requested an EM barracks complex. This project will round out Fort Campbell's permanent barracks facilities with construction of a 3,300-man complex incorporating completely new design standards. This complex will support two infantry brigades, two separate battalions, and two separate companies, with all troops at the installation then being accommodated in permanent facilities. Without these barracks, 3,300 men will continue to be billeted in World War II mobilization barracks with no privacy—no air-conditioning—and with austere latrine facilities. These barracks were built in 1942 and designed for less than 5 years anticipated use with little consideration for maintenance cost. Until adequate facilities for all troops are provided, the disparity in living conditions will create morale problems. So 155 of these old temporary buildings totaling 822,450 square feet will be demolished if this project is approved.

Anticipated barracks modernization designed to remove the primary sources of irritation and dissatisfaction among enlisted personnel such as the lack of privacy, pleasant surroundings, and adequate heating and cooling will provide the third phase of the program to modernize the permanent barracks at Fort Campbell. The fact that Fort Campbell is providing these improvements in fiscal year 1972 and fiscal year 1973 MCA programs was of considerable benefit to the division commander in his successful unit of choice recruitment. The program succeeded in providing the Army with a largely volunteer Airmobile Division at Fort Campbell. Failure to make these barracks improvements will create a disparity in barracks living conditions and dissatisfaction detrimental to troop morale and the impetus given the Army volunteer recruitment program.

TEMPORARY AIRFIELDS

The next series of pictures depict the temporary airfields at Fort Campbell. The Airborne Division and Fort Campbell are authorized a total of 439 Army aircraft. Almost all of these aircraft are helicopters requiring extensive periodic maintenance. All aircraft must receive regularly scheduled maintenance of operations, and training cannot be safely conducted. Existing hangars and parking aprons at Fort Campbell and facilities now under construction are designed to support only 296 of these helicopters. Until facilities included with this project are constructed, it will be necessary to perform maintenance on 143 helicopters in makeshift facilities. These helicopters must be parked on some sort of temporary surface or no pavement at all. With the exception of one 20,800-square-foot prefab metal building and one 8,000-square-foot World War II tank repair shop, the only makeshift facilities available at Fort Campbell now for main-

tenance are theater of operations type maintenance tents which are shown on these photographs. Additional prefab metal buildings have been on order for several months, but even these temporary facilities, when and if they are finally delivered, will not be adequate for aircraft maintenance. Electricity is the only utility which can be provided for these prefabs with funds available. Any heating systems that could be installed will not comply with maintenance safety standards and, also, these 40 foot by 100 foot prefab buildings will not be large enough for an efficient maintenance operation. The temporary maintenance areas now available are improperly located for adequate aircraft traffic control and proper allocation of airspace. The anticipated tactical airfield complex is the third and final phase of construction necessary to support helicopters of the recently assigned airmobile division. It includes maintenance hangars, parking aprons, and support facilities for the aviation units of the division artillery and for the air cavalry squadron. These will be located on the opposite side of the cantonment from the phase 1 and phase 2 aviation facilities at Campbell Army Airfield. This separate airfield is required to prevent the overcrowding of air space at CAAF and to facilitate control of helicopter traffic to and from the firing ranges and training areas. Under existing conditions, aircrew and maintenance will remain less than effective, and helicopter maintenance can only be performed at a sacrifice of efficiency, combat readiness, and overall safety.

COMMISSARY

The final series of pictures will give you an idea as to the inadequacy of the old warehouse-type structure presently being utilized for commissary facilities at Fort Campbell. Maintenance costs on this old frame facility are excessive. The overcrowded conditions and inefficient layout are apparent in these photographs of the receiving, backup storage, and sales area.

The new Fort Campbell commissary project will consolidate this base facility into one efficient sales and supply building. It will serve over 17,000 families made up of military and retired service personnel living in the area.

With today's inflated living costs, the 32.5 percent reflected in the last annual cost comparison survey of Army commissary facilities compared to commercial foodstores, is of great benefit to military families. The need for commissary facilities at Fort Campbell is demonstrated by the fact that the present inadequate temporary facility currently serves over 13,500 families with average sales volume of over \$975,000 per month. Even in this small substandard facility sales are increasing at a rate of over 15 percent annually. The patron count has increased by more than 10 percent over the last 2 years, and still many military families must now patronize commercial grocery stores without benefit of commissary savings and sacrifice of privilege which is considered in the establishment of military pay levels.

FAMILY HOUSING

Perhaps the most critical problem which exists today at Fort Campbell is that of family housing. Certainly, it has the most impact on the local area of Clarksville and Fort Campbell, Ky. With onpost hous-

ing completely utilized and offpost housing in critical shortage, housing of Fort Campbell families is worsening. Many sponsors have been forced to leave their families elsewhere and those who do bring their families are subjected to waiting periods of from 2 to 92 weeks. During this period, most occupy inadequate offpost housing or housing beyond the normal commuting distance from the post. In fact, it is not unusual to have to travel distances as far as Nashville on a regular basis. The transient quarters (guesthouse, cottages, and converted inadequate BOQ's) are filled and have long waiting lists. This situation creates morale problems. Over 5,000 families are presently living off post, and in addition there is still a requirement for housing for at least 2,000 families of ineligible lower grade personnel. With the division and its post support units about at full strength, the calendar year 1973 family housing survey reflected deficit of over 4,300 sets of quarters.

CONCLUSION

The main thrust of my interest here is not any one particular proposed project. They are all important. What we must bear in mind is that our base construction program must be designed to meet the new direction set by the Volunteer Army. Statistics now available on it becoming a practical reality are extremely discouraging, but I do not feel we should discard this goal. I can assure you of one thing—if America is not willing to give those individuals who volunteer to serve her the respect they deserve, not just in terms of dollars and cents, but in terms of adequate facilities and living conditions—we may as well start drafting tomorrow. I hope we can avoid this, and I urge your favorable action of the Fort Campbell proposal.

[Discussion off the record.]

Mr. SIKES. Thank you, Mr. Beard, for your testimony.

Again this committee compliments you for your interest in improved facilities at Fort Campbell. Let the record show there has been off-the-record discussion of the various items which are included in the current military construction proposal for fiscal 1974.

The objectives which you have outlined, of course, are shared by this committee in its desire for improved facilities, particularly improved living quarters, and that is reflected in the request before us.

It is my understanding that you are asking for the budget amounts that have been presented to the committee.

Mr. BEARD. Yes, sir.

Mr. SIKES. Are there questions, Mr. Davis?

Mr. DAVIS. No questions.

Mr. SIKES. Mr. Long.

INCREASE IN PERSONNEL

Mr. LONG. Has Fort Campbell been increasing its population?

Mr. BEARD. Yes, sir, it has.

Mr. LONG. What has been the situation there? I am talking about the military population.

Mr. BEARD. I do know they are getting another unit there. This should increase the current level by another 300 or 400 men.

Mr. LONG. Do they have the entire 101st Airborne Division?

Mr. BEARD. Yes, sir, they do.

Mr. LONG. Have they had that all along?

Mr. BEARD. Quite frankly, I really cannot give you a definitive answer with respect to the total history of Fort Campbell at this time. I can get that for the record, sir, but I know it has experienced a growing trend.

There was a period of time when the 101st was stationed in Vietnam and they were brought back to Tennessee several years back.

Mr. LONG. My son was with the 101st for his entire tour in Vietnam. When in the United States, he was at Fort Benning. He was at Eglin. I don't ever recall his mentioning being at Fort Campbell, for any length of time, anyway.

CONDITION OF FACILITIES

Mr. LONG. Why are the buildings so dilapidated? [Looking at photographs of existing buildings.]

Haven't you had any military construction down there at all?

Mr. BEARD. Very little.

Mr. LONG. I am assuming this is typical troop housing and that you haven't picked out the worst.

Mr. BEARD. No. They do have construction underway now on one set of a barracks complex with air-conditioning, two men to a room. Apparently, they received that under last year's budget. I am not familiar with that but they do have some construction there.

However, they have had only limited construction until just the last year or so. I think probably one of the reasons why such a large amount has been requested for Fort Campbell at this time is because they are going to try to bring it up to snuff and catch up a little bit, plus the fact apparently they are there to stay so they figure they better bring the facilities up to par.

Mr. LONG. How far is the base from the nearest city?

Mr. BEARD. From Clarksville, Tenn.—

Mr. PATTEN. Eight miles.

Mr. BEARD. About, yes, sir.

Mr. LONG. This is out pretty much by itself?

Mr. BEARD. Well, not really.

Mr. LONG. Does this complete your military construction request, this year? Will you then be in good shape?

Mr. BEARD. I believe they will be under the present conditions. They did select the priorities and if some other demand comes up I am not aware of it at this time. I am not familiar with what they feel their long-range needs will be other than the ones I have outlined today.

101ST AIRBORNE DIVISION STRENGTH

Mr. LONG. Is the 101st Airborne at full strength?

Mr. BEARD. They are building it up to full strength. They have done as well or better than any unit since the all-volunteer army began, and I think a lot of it is because of the pride the volunteers have. It was a volunteer type unit during the draft and the men stand out. There is all the difference in the world between this unit and many of your other units.

Mr. LONG. You don't have to sell me.

Mr. BEARD. I can imagine. They stand tall. I am extremely impressed with them.

Mr. LONG. I think it is the finest unit in the entire Army. It is really a terrific outfit.

We vote so much for construction for so many areas where people are doing things that are very remote from the defense effort, all kinds of logistical and service units and others, and the truth is you have very few units in the Army which are really tactical combat units that do the actual fighting. I have long felt that we are spending too much money on defense that doesn't truly defend, and when you have a unit that really does go out and does the fighting, and it has done so in every battle there has been—taking the worst casualties probably of any unit there is in the entire Army—then we ought to take care of it.

I am really shocked that the 101st has been let go this long, but I assume it is because it has been elsewhere, and is now being brought back to full strength.

Mr. BEARD. Yes, sir.

Mr. LONG. I don't know about the commissary request, as I am a little leery about commissaries; but the other aspects don't need explaining. You ought to be proud to represent the area of the 101st Airborne.

Mr. BEARD. I am and, I agree with you. I too, have been disappointed in some areas regarding the breakdown of discipline, the breakdown of emphasis being placed on appearance, and the way you carry yourself—the military presence that you make, but you go to Fort Campbell and there is all the difference in the world.

These men were volunteers even during the draft situation. In other words, if drafted all members who went to the 101st volunteered, and they carry themselves tall. They still believe in the spit shine, the starched utilities, the short haircuts.

Mr. LONG. They go through ranger training?

Mr. BEARD. That is right. The pride and esprit de corps is comparable to none that I have seen.

Mr. LONG. Is the 82d Airborne there? It was, wasn't it?

Mr. BEARD. Yes, it was; but it is not there now.

Mr. LONG. So this is entirely the home of the 101st Airborne?

Mr. BEARD. Yes, sir.

Mr. SIKES. Mr. Patten.

HISTORY OF EXPENDITURES

Mr. PATTEN. I don't want to drag it out, Congressman Beard, but you know many members of this committee were here in 1965, 1966, and 1967 when we had a lot of problems.

Mr. BEARD. Yes, sir.

Mr. PATTEN. This committee well knows this country accomplished the greatest job in the history of military construction when we carried out the directive of the Commander in Chief in Vietnam with the construction of 11 airbases and dock facilities and other facilities. We had a construction job than ran into billions of dollars, so I don't want the impression to be left that we didn't put the dollar where it was needed. I am talking about a lot of dollars. We needed that money in

Vietnam, and a lot of the World War II barracks in this country were of no import. We were doing first things first in my judgment and if you were here on this committee in 1965 you know that the need was to try to keep this world free.

I think you would have approved of the decisions that the committees of Congress made. I know you are not criticizing us. I am just saying that in retrospect, I think we put dollars hard to come by where they belonged in 1965, 1966, 1967, 1968. Now things are different. I want to congratulate you on this fine presentation. I think you have done a good job.

Mr. BEARD. Thank you very much.

Mr. SIKES. I would say that is a good beginning. Thank you very much, Mr. Beard.

Mr. BEARD. Thank you very much for your generosity.

STATIONING OF NUCLEAR SHIPS "LONG BEACH," "BAINBRIDGE," AND "TRUXTON"

WITNESS

HON. CRAIG HOSMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. SIKES. The committee is very pleased indeed to welcome our distinguished colleague, the Honorable Craig Hosmer of California, whose outstanding work for defense we have known for a long, long time.

Craig, it has been a pleasure to work with you. Will you be seated.

Mr. HOSMER. Thank you, sir.

Mr. SIKES. Do you have a prepared statement, or do you wish to talk informally.

Mr. HOSMER. Mr. Chairman, I don't have a prepared statement because I am only talking about three ships and I am not going to talk very long but I have two charts I want to show you.

Mr. SIKES. I would like you to proceed in your own way. The committee will be very glad to hear you.

Mr. HOSMER. Thank you, sir.

SAFETY OF SHIPS

I am going to talk about the safety of three nuclear ships, the U.S.S. *Long Beach*, *Truxton*, and *Bainbridge*.

The total cost of these ships was in excess of \$1 billion and the cost would be about twice that much to replace them, except that if you ever lose them you could never replace them.

They are a key element in the defense of the United States. They have been stationed for the last several years, homeported, at Long Beach, Calif.

In the shore establishment reorganization package those ships and some 30 others are being moved to San Diego, some 60 ships altogether moved out of Long Beach.

I am not addressing anything but the three nuclear ships that are being sent to San Diego, and I contend, sir, that they are being placed in harm's way and that this committee has the power by not funding

the construction of piers down in San Diego to keep these ships up where they have adequate facilities for them at the present time at Long Beach.

ACCESS TO SEA

Let us look at the situation if you put the three ships, according to the Navy witnesses, into San Diego. You start out here at the entrance buoy. Incidentally, Mr. Chairman, I got my commission in May of 1941 in the Navy and in June that year I was assistant navigator on an A.P. running to Alaska.

Subsequently I have been a navigator for almost 2 years of an assault transport all through the Pacific, the Philippines, Japan, and what have you, and I think I know whereof I speak because I have been in some tight spots navigating and controlling ships.

But you start here at the entrance buoy and where the Navy tells us they are going to take those valuable ships is 6 miles inside San Diego Bay in a 600-foot channel that is hardly deep enough to handle the ships. They are going to put the U.S.S. *Long Beach* at North Island and then they are going to build another pier over at the Naval Station which is underneath the Coronado Bridge and they are going to put the *Truxton* and the *Bainbridge* in there. That is 8 miles inside this harbor.

Can you imagine trying to get those ships out in an emergency? I am not only talking about an attack emergency; I am talking about such things as tsunami. Everything in that bay could be wrecked by a tsunami.

Mr. LONG. A what?

TIDAL WAVES

Mr. HOSMER. Tsunami, a tidal wave. We have these great earthquakes out in the Pacific area that cause these.

We have never had one in California, and I hope we never will, but there is certainly no guarantee of it. I want to contrast that situation 6 and 8 miles inside this bay.

Inside it will cost you \$10 million for the pier, \$9 million for the dredging. Here is Long Beach. Here is the naval station at Long Beach. These nuclear ships are tied up right there. All you have to do is back down, get your ship headed this way, and as soon as you get headed in that direction you can get flank speed and get out of there. There is no problem about it.

No matter what these disasters are, attack or natural disaster type, you can get your ships out of harm's way as soon as you can move, and that will take you about 10 minutes from the dock at the very most. You can break your lines if you have to get out of there that fast.

This move doesn't have to be made. All of that \$19 million doesn't have to be spent. You have everything there at Long Beach you need already.

DREDGING COSTS

Mr. SIKES. Are you including the cost of the channel? The Navy testimony is that the channel will have to be dredged, anyway.

Mr. HOSMER. Well, sure, for all the other junk they are bringing in there, but they are still taking those other ships and putting them in

harm's way, so there is no saving. It doesn't cost a cent to keep these ships here. That money is going to be spent down there for these others, anyway.

Mr. SIKES. You are talking not only about the distance but about congestion in the channel?

Mr. HOSMER. Congestion in the channel. That is what I am talking about.

CORONADA BRIDGE

Mr. SIKES. Do you see a danger or a problem because of the bridge? It is a high bridge. Is the problem that you foresee there one of possible destruction of the bridge?

Mr. HOSMER. They can get under the bridge. There is a 195-foot clearance on that bridge and none of the masts go that high even at floodwater, but, if you notice, that bridge is the kind you can sabotage, a couple of spans there, and drop the center portion into this dredged area and you are hung up.

But if you are in that bad a shape, Mr. Chairman, probably all is lost anyway.

LONG BEACH SHIPYARD RETAINED

Here at Long Beach, you know, they are going to keep the shipyard operational and in order to keep the shipyard they have to have a large supply center and a lot of the parts and pieces of the station that is being disestablished have to be left for that, so you don't have to add anything.

The Navy says it will cost you a half million dollars a year to keep these ships here. I contend, because I have figures from the people who are operating in this area, it is about \$50,000 a year, so for \$50,000 a year you can save the cost of these nuclear piers, at least the \$10 million, and you can keep the ships out of harm's way.

This, sir, to my mind—in the shore establishment reorganization like we have had—is done here in the back end of the Pentagon by fellows who really haven't been to sea. On paper these things look fine but when you get a chart out that shows you you are taking a ship 8 miles inland instead of a position where you can be underway at flank speed almost instantly with \$1 billion worth of ships—

FACILITIES AVAILABLE

Mr. SIKES. Is it your feeling that maintenance and operation can be carried on as well at Long Beach without the cost that would be associated with the move? There would still be maintenance and operation facilities at Long Beach?

Mr. HOSMER. They will all be there, yes. The shipyard is right here, right next door to this thing. The new supply center will be there to handle it. There is no additional cost except a few men that are required to handle the lines and things for keeping them at the piers.

Mr. SIKES. Your interest primarily is in the three capital ships.

Mr. HOSMER. All I am asking for are three capital ships. Frankly, I must say that when we get these nuclear surface ships and if they are assigned to the west coast, I wouldn't dream of putting them down in San Diego either, so I have something in the back of my mind, but I am not asking you to bring back the 30 ships they took away from

Long Beach. I am only asking for three. I am not asking for them for a selfish purpose. I am asking for them because it makes sense. At some point somebody has to blow the whistle when a defective plan is proposed, and putting ships into a position like this is a defective plan when you don't have to do it and when not doing it would be such a minuscule cost.

And that is my story.

[The material Mr. Hosmer submitted to the committee follows:]

RETORT TO SECRETARY OF THE NAVY REPLY TO SENATOR THURMOND'S QUESTIONS
BEFORE THE SYMINGTON SUBCOMMITTEE ON 28 JUNE, 1973

1. *Statement.*—The new pier "is not directly attributable to relocating a nuclear ship from Long Beach."

Fact.—Secretary Sanders testified, page 334: "We have no capability of handling the nuclear ships in San Diego."

Conclusion.—If there is no capability for nuclear ships in San Diego, then obviously the new pier will have to be designed for the nuclear ships.

Another important point—There is absolutely no cold iron capability for nuclear ships in San Diego.

2. *Statement.*—The direct cost avoidance of keeping 31 ships in Long Beach is only \$10.3 million.

Fact.—Secretary of Defense's letter to Senator Cranston of May 4, 1973, shows additional costs:

	<i>Millions</i>
Relocation costs for military personnel.....	\$3.3
Severance pay for civilians.....	2.3
Preservations of facilities.....	.5
Total	6.1

3. *Statement.*—No costs would be avoided in San Diego by retaining nuclear ships in Long Beach.

Fact.—At least \$10 million would be avoided (the cost of the nuclear pier). Add another \$9 million for dredging of the channel.

4. *Statement.*—The remaining support force at Long Beach could not support the nuclear ships.

Fact. On-scene commanders seem to think that only 6 additional civilian personnel would be needed to support the nuclear ships.

5. Except for the \$2.2 million, one-time costs for waste water collection, the P.W., supply and security force add-ons ought to be explained.

Even so, \$0.581 million, or one-half million dollars, is a pretty cheap payroll to keep an active base, achieve dispersal, and immediate potential for expansion in the event of a national emergency.

6. *Statement.*—At least two nuclear ships will be at the naval station.

Secretary Sanders testified before the Symington committee that "none of the nuclear ships would pass under the Coronado Bridge."

This indicates that at least two ships will, . . . exposing them to the tidal problem which could preclude their passage under the bridge at certain times of the day . . .

SUMMARY

The Navy will not face up to the fundamental uniqueness of the Long Beach situation; the contiguousness of the naval station and the naval shipyard.

The Navy claims the necessity to consolidate bases and save money. We do not fault that thesis.

But the Navy does not need to remove all of the ships from Long Beach to achieve that goal.

Since the Navy must maintain a support force for the ships in the shipyard, it follows that support could also be provided for some ships homeported in Long Beach.

The nuclear ships are the likely choice, since nuclear facilities presently exist in Long Beach, and do not exist in San Diego.

KEY QUESTIONS TO ASK

What is draft of the Long Beach, Bainbridge, and Truxton, fully loaded?

What is the depth of the channel at low tide?

What is the depth of the channel leading under the Coronado Bridge to the Naval Station, San Diego?

QUESTIONS BY SENATOR STROM THURMOND FOR THE RECORD, JUNE 28, 1973
(SYMINGTON SUBCOMMITTEE)

1. It is our understanding that a new \$10 million pier and \$9 million dredging project must be completed in San Diego to accommodate the nuclear ships. What are the total additional costs that will be incurred in San Diego that are directly attributable to relocating the nuclear ships from Long Beach?

2. What costs could be reduced or avoided in San Diego by retaining the 31 ships in Long Beach?

3. What costs in San Diego could be reduced or avoided by retaining the nuclear ships in Long Beach?

4. Could the remaining force at Long Beach support the nuclear ships?

5. What additional support would be needed?

6. Would the nuclear ships be more or less vulnerable to attack or sabotage at San Diego?

ANSWERS TO QUESTIONS

1. The \$10 million deepwater pier required at San Diego is associated with the number of deep draft ships relocating from Long Beach. This pier is not directly attributable to relocating a nuclear ship from Long Beach, nor is a \$9 million dredging project required because of nuclear ship relocation.

2. The only direct cost avoidance in San Diego that would result by retaining the 31 ships in Long Beach are two MILCON projects:

	<i>Millions</i>
<i>Fiscal year 1974: Deepwater pier with utilities</i> -----	\$10.000
<i>Fiscal year 1975: Enlisted men's club</i> -----	.300
Total avoidance -----	10.300

3. No costs would be reduced or avoided in San Diego by retaining the nuclear ships in Long Beach.

4. The remaining support force at Long Beach could not support the nuclear ships.

5. Additional recurring support would be needed as follows:

<i>Support</i>	<i>Costs (millions)</i>
1. Power plan for steam generation to nuclear berths (5 Civpers) -	\$0.365
2. Increase in PW department (5 Civpers)-----	.050
3. Increase in supply support (10 Civpers)-----	.136
4. Increase in security force (6 Civpers)-----	.030
Total recurring support costs -----	.581
MILCON project for waste water collection (total one time cost) -----	2.200

6. The nuclear ships would be somewhat less vulnerable to attack or sabotage at San Diego due to the degree of dispersion achieved with the *Long Beach* at the Naval air station and the *Bainbridge* and *Truxton* at the Naval station.

JUNE 25, 1973.

Hon. JOHN W. WARNER,
Secretary of the Navy,
Washington, D.C.

DEAR SECRETARY WARNER: I have received a negative reply from the Under Secretary of the Navy to my May 31 letter requesting that the three nuclear ships remain homeported in Long Beach.

Secretary Sanders gave these as the reasons for his action:

(a) The overall objective of consolidating the fleet in an effort to reduce overhead costs.

(b) That operational, administrative, and training considerations involved in relocation outweigh the considerations I noted, and

(c) The requirement for a new pier at San Diego is not dependent on the homeport shift of the nuclear ships.

These are empty words and phrases in light of the facts with regard to Long Beach. They are even more frivolous because they fail to provide for reasonable dispersment of U.S. naval forces, which I was seeking to accomplish at no extra cost to the taxpayer. This ill-advised stubbornness to put all Navy eggs in one basket ignores the lessons of history. We can cost-effect ourselves right into the graveyard as anyone who recalls the lessons of Pearl Harbor well knows. Please see the attached "Year 1978 Scenario."

I fear your decision relayed by Mr. Sanders was made on the strong wave of what can be called the domino syndrome. In other words, if you "give in" on any account on the base-closure issue, you fear you will start a chain reaction requiring concessions all over the lot. In short, no matter how wrong any part or piece of the original closure order was, come hell or high water you are going to stick with it no matter what the consequences, even if they are to place very important and very irreplaceable units of the fleet in strategic peril.

Mr. Secretary, I just cannot believe you and Mr. Sanders really intend consciously to landlock the country's only three nuclear surface ships behind a low bridge at San Diego where they could easily be immobilized and destroyed by earthquake or sabotage, let alone enemy surprise attack.

I just cannot believe you would deliberately put the U.S. Navy in a hazardous mess like that for the specious reasons Sanders listed.

You know and I know that the alleged "overhead costs" savings are essentially nonexistent.

You know and I know the "training considerations" alleged to support the move are as phony as a \$3 bill.

You know and I know, and every professional naval officer of every foreign Navy of the world knows, that putting ships like *Long Beach*, *Truxton*, and *Bainbridge* 4½ miles in the backwaters of some bay where they can be entrapped is dangerous nonsense and would be laughable if it were not so serious and if it did not so derogate the competency of U.S. naval authorities in the eyes of others.

In informal discussions with your office and in the offices of the Secretary of Defense, I find that the domino syndrome pervades every conversation, even though there was near unanimous agreement that there is an excellent case for retention of some ships at Long Beach.

It is a strong case which cannot be and should not be compared to any other situation in the Navy's realignment package.

Aside from the security of these vessels, the position stated in my May 31 letter is that it is cost-effective to leave the three nuclear ships at Long Beach because the support force and facilities being retained to support the naval shipyard there easily can support these ships and more without additional costs and with no adverse effect on the Navy's realignment package. I still strongly adhere to that point.

Mr. Sanders' concern over administrative and training considerations is unwarranted. I pointed that out in my attached letter to Vice Admiral Gaddis dated June 15, 1973. There is absolutely no overriding need, in fact, no real need at all, to place the nuclear ships in San Diego for training purposes.

I find the stated requirement for a new pier at San Diego no more than coincidental. While the fact is that adequate pier facilities for nuclear ships or any other ships in San Diego may or may not exist, for sure the fact also is that naval housing is woefully short there, schools are inadequate at San Diego to handle the new load of dependents, and God only knows what other physical and morale shattering deficiencies will flow from the orders you doggedly insist on carrying out without change.

Mr. Secretary, I am aware that you have been beleaguered by pressures to change the Navy's realignment package. I realize your strategy is to keep the package intact. I know how difficult it is to make these kinds of decisions. But I also know that bureaucracies are not infallible, and that there is a need for constant review of decisions as new facts surface and situations change. Or, even as errors, misjudgments, and miscalculations in an original package become apparent.

Such is the case of the *Bainbridge*, *Truxton*, *Long Beach* decision. The Navy planners decided to keep and expand the facilities at the Long Beach Naval Shipyard. In the hearings of the Seawar Subcommittee of the House Armed Services Committee, June 1970, it was described as an "ideal shipyard." The planners determined to maintain a naval support activity at Long Beach to

support the 20 to 35 ships-a-day expected at the shipyard. The planners determined that all ships had to be removed from Long Beach because consolidation elsewhere allegedly would save money for the Navy. But, what the planners did not do is take into account the fact that some ships could remain in Long Beach without affecting the goals of consolidation and without prejudice to the aim of saving money.

The planning data covering the action taken for the naval station and naval shipyard Long Beach complex provided to me by the Navy clearly indicates a potential for homeporting more than three ships at Long Beach while still maintaining the desired cost reductions sought in the Defense realignment package. What makes the Long Beach situation unique is the side-by-side proximity of the naval support facility and the naval shipyard. This relationship makes possible utilization of common support forces, indistinguishable one from the other.

Mr. Secretary, I ask that you reconsider the decision handed down by the Under Secretary, and if you still feel it is in the best interest of the United States and the Navy to remove the nuclear ships from Long Beach, I be provided with the entire rationale and detailed costing data used to justify that conclusion. I also ask for any and all data that would allow you or me to sleep easily if you carry out your threat to send these irreplaceable nuclear surface ships into harm's way.

Sincerely,

CRAIG HOSMER, *Member of Congress.*

Attachment.

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., June 16, 1973.

Hon. CRAIG HOSMER,
House of Representatives,
Washington, D.C.

DEAR MR. HOSMER: Thank you for your letter of May 31 which recommended as modification to Navy's closure action at the naval station, Long Beach, the retention of three nuclear powered ships homeported there.

Your proposal for the retention of the nuclear powered surface ships at Long Beach has been reviewed and in view of the overall objective of consolidating the fleet in an effort to reduce the overhead costs, I consider that the announced homeport shifts are an essential action. Operational, administrative, and training considerations involved in the relocation outweigh the considerations you noted. I would also note that the requirement for a new pier at San Diego is not dependent on the homeport shift of the nuclear ships.

Your concern for the best interest of Navy in Long Beach is most appreciated.

Sincerely yours,

FRANK SANDERS,
Under Secretary of the Navy.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 15, 1973.

Vice Adm. W. D. GADDIS,
Deputy Chief of Naval Operations (Logistics),
Department of the Navy,
Washington, D.C.

DEAR ADMIRAL GADDIS: I appreciate having had the opportunity to meet you recently to discuss aspects of my proposal to keep the nuclear ships homeported in Long Beach.

At the time, you mentioned the importance of nuclear ships being near NTDS school for training. On reflection, it seems to me that although close proximity to NTDS school may be desirable, it is a minor determinant to retaining the nuclear ships where they have been since the beginning and doing very well with their NTDS capability and efficiency.

It is my understanding that a ship at sea off Long Beach can not only link up with the NTDS school in San Diego, but can also utilize at sea links which are going all the time. In other words, ships do not have to be in San Diego Harbor to utilize NTDS school facilities. Furthermore, ships at sea can combine more meaningful on-the-job NTDS training with other types of shipboard crew training. Additionally, fleet exercises which take place for 3 or 4 day periods,

once or twice a year, provide still another arena in which NTDS on-the-job training at sea enhances crew proficiency.

And I remember that our service still sells itself on the slogan, "Join the Navy and See the World." I don't think you would want to underestimate the advantage of sending ships away from homeport for short periods of time. Ships from Long Beach could visit San Diego for a few days, or as was recently the case with the *Bainbridge*, go to Hawaii in an environment where crews undergo concentrated training time away from homeport encumbrances, and when ashore, enjoy the life of a sailor. The cost of oil is no detriment to the movement of these ships.

Many thanks for considering the foregoing.

As indicated, I am not asking for any action which will affect the base closure orders. I am only asking indefinite unannounced delay in any move to change the homeport of the three surface ships involved.

Cordially,

CRAIG HOSMER,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 31, 1973.

Re Long Beach (California) naval mobilization potential—avoiding the risk of loss thereof.

HON. JOHN W. WARNER,
Secretary of the Navy,
Washington, D.C.

DEAR MR. SECRETARY: I wish to call to your attention:

The danger that the Navy may lose its mobilization potential at Long Beach;

How this risk easily can be avoided; and,

How, in the process, the Navy can gain further costs savings from its base closure program.

Each of the foregoing potentialities is a factor of the somewhat unique circumstances under which the Navy holds its real property located in the harbors of Long Beach and Los Angeles. These special circumstances apparently were overlooked in formulating details of the recently ordered Long Beach base closure program.

Briefly, they are these:

(1) A U.S. naval shipyard occupies the eastern part of the Long Beach naval complex. It is to expand its operations and civilian employment by about 30 percent. It is not subject to the dangers set forth below.

(2) The western portion of the complex lies on land leased from the city of Los Angeles for a fixed term expiring in about 5 years. Located there at the old amphibious air station are a Naval Reserve Armory, the now disestablished MINEPAC Headquarters, and a limited amount of officers quarters. Los Angeles wants the land back for harbor development and, while desirable, it is not essential for naval emergency mobilization purposes.

(3) The critical central portion of the complex is now intended as a standby remobilization base for a naval station, training center, and other activities essential for support of forces afloat.

The Navy does not own this land.

The Navy occupies it under several indefinite term leases from the city of Long Beach which call for reversion in the event of substantial nonuse for Federal purposes. The Navy could not lawfully resist a reversion demand should it attempt to hold the land in substantially an inactive, standby status.

The Long Beach city administration regards the Navy highly. It strongly favors continued dedication of the property to Navy uses. However, no one knows the future. This situation might turn to hostility and disfavor following some future city election. In order to put this valuable property to highly profitable civilian use, a hue and cry could be set up to recapture it.

Thus, to maintain a credible permanent claim upon this real estate as a national emergency mobilization base for fleet support, it must continuously be the subject of perceptibly more than nominal use.

In this regard, stripping every last naval ship and sailor out of Long Beach Harbor has two very serious and counterproductive consequences:

(a) It is an ambiguous movement toward the trigger-point of reversion ; and,

(b) It arouses the carnal appetites of local interests for the property and encourages designs upon it via reversion, if possible, or via bald political pressures if necessary.

A new, different, and hostile Long Beach City Council could argue that partial use of the property for a commissary, officers and enlisted men's clubs, and like purposes constitutes no more than nominal use. And, if that fails to gain them possession, launch a calculated campaign of enmity and political pressure to force the Navy out and turn the real estate over to developers. This was and still is close to the situation at nearby Los Alamitos Naval Station where DOD is under constant harassment.

Unless the Navy continues to "show the flag" (at least modestly) with a few ships homeported at Long Beach the constant erosion of its hold on the real property there is totally predictable. Without ships visibly present to signify its intent, sooner or later it will become impossible for the Navy to hold out against pressures by others for the land.

This important base for United States seapower mobilization will be lost. That is what was overlooked by the original closure plan.

The Navy's obvious insurance policy against this certain hazard is to keep the key nuclear surface ships homeported at Long Beach.

This actually can be done with greater savings to the Navy than contemplated by the scheme which takes them all away.

Here is the plan: Keep the three key nuclear surface ships homeported at Long Beach. Add any new DLG(N)'s subsequently assigned to the Pacific Fleet.

This will cost the Navy only six civilian personnel for docking, line handling, utility connections, etc., at the existing nuclear piers at the tip of Long Beach Navy Mole.

It will save the Navy the entire proposed costly \$10 million expenditure for a new deepwater pier at San Diego.

It calls for only an almost negligible modification of the Long Beach base closure plan involving only 3 of the 60 ships slated for transfer elsewhere.

All supply, medical, financial, housing, and other support required by this alternative for the ships, their crews, and dependents involved are amply within the logistics capabilities of the naval support activity with 300 military and 600 civilian personnel to be maintained at Long Beach Naval Shipyard anyway for vessels in the yard for repairs. There is more than adequate power available at the mole to meet the special needs of nuclear ships when they are tied up. Military construction money already has been appropriated for a sewage treatment facility on the mole.

On nuclear vessels a fairly high percentage of crew training is accomplished aboard ship. Any disadvantage due to the distance to San Diego for other training is overwhelmed by the boost to crew morale from ready availability of naval housing at Long Beach.

Thus, there will be few specific additional costs to the Navy to keep these ships homeported at Long Beach. However, there will be substantial general savings.

Mr. Secretary, please direct your people to check out what I have said. I am confident they will report back to you that these substantial benefits to the Navy inherent in my suggestion really do exist.

Additionally, sir, the unease will be assuaged with which sailors view these prime nuclear ships nested together deep in congested San Diego Bay from which egress can be gained only tortuously via a tricky 4½-mile-long channel.

Attached is a chart of that bay which speaks for itself on this point. In contrast, from the Long Beach piers there is almost instantaneous access to maneuverable deep water. I believe you, as Secretary, will want to regard the deep national security considerations, implicit in these striking comparisons.

For these reasons, to wit:

(a) Costs savings;

(b) Regard for retention of the mobilization base; and

(c) Safety and security of the irreplaceable nuclear surface fleet units;

I recommend, I urge, and I implore that these few, but invaluable, nuclear units remain homeported at Long Beach.

Very respectfully,

CRAIG HOSMER,
Member of Congress.

* Attachment.

[The charts were retained in the committee's files.]

LONG BEACH COMPLEX SER ACTIONS—Personnel Analysis (Less Fleet Staff and Ships)

Activity	Type action	Current on-board		Transferred ²		Elimination ³ separation		Remaining		Remarks
		Military	Civilian	Military	Civilian	Military	Civilian	Military	Civilian	
Naval station.....	Disestablish.....	748	714	330	0	55	181	360	533	Transfers to: 18 military to Pearl Harbor; 32 military to San Diego; 360 military and 533 civilian to NSA Long Beach.
Naval supply center.....	do.....	24	564	0	0	1	424	23	140	Transfers to: 23 military and 140 civilian to Long Beach Supply Center Annex.
Naval base, Long Beach.....	do.....	28	9	22	2	6	7	0	0	Transfer to: 2 military to Pearl Harbor; 8 military and 1 civilian to COM 11; 12 military and 1 civilian to San Diego.
Naval regional medical center (repose) annex.....	do.....	118		100	0	18	0	0	0	Transfers to: Naval hospitals.
COMCRUDESPAC REP.....	do.....	56	0	56	0	0	0	0	0	
Naval ordnance systems supply office.....	do.....	1	27	1	0	0	27	0	0	
Fleet training center.....	do.....	41	0	31	0	10	0	0	0	
Navy food management team.....	do.....	5	0	5	0	0	0	0	0	
Navy finance office.....	Reduce.....	15	61	3	0	0	12	12	49	
Navy communications station.....	do.....	62	34	0	0	13	8	49	26	
Naval security group.....	do.....	6	0	6	0	0	0	0	0	
Mobile technical unit 11.....	Disestablish.....	36	0	32	0	4	0	0	0	Transfers to: 17 military to San Diego; 8 military to Alameda; 7 military to Pearl Harbor.
Navy-Marine judicial activity.....	do.....	1	0	0	0	1	0	0	0	
Naval weather service environmental detachment.....	do.....	7	0	7	0	0	0	0	0	
Total.....		1,148 2,557	1,409	596 598	2	108 767	659	444 1,192	748	

¹ Current onboard personnel figures as of Apr. 1, 1973.

² Transferred personnel figures include those relocated to perform functions in direct support to the fleet and personnel transferred due to permanent change station orders.

³ Eliminations are based on current onboard strength vice June 30, 1972 end strength used in SER plan.

⁴ As a result of a readjustment in shipyard workload and the Defense budget, as currently constituted, the Naval Shipyard, Long Beach will receive 220 civilian positions from Hunters Point Naval Shipyard and there will be approximately 1,700 more civilian jobs added to the Long Beach workforce by June 1974. These additions are not reflected in the remaining column.

[From the Los Angeles Times, May 29, 1973]

LOW BRIDGE—NAVY SHIPS' BIG PROBLEM

SAN DIEGO.—The \$47 million Coronado Bridge spans San Diego Bay in a graceful, sweeping curve that is too low for some Navy ships.

The bridge, built in 1969, stands 195 feet above the water at high tide. Most aircraft carriers have taller masts, and a Navy spokesman says two cruisers to be transferred here soon, the *Long Beach* and the *Chicago*, would have to cross under the bridge "very carefully."

At low tide there is 205 feet of clearance, but then the channel underneath is only 30 feet deep and the cruisers would scrape bottom.

Ships that cannot make it underneath the bridge are stationed at Coronado's North Island, apart from the rest of the San Diego-based fleet.

Officials are working on the problem, however. A \$9 million dredging project scheduled to start next year will deepening the channel by 5 feet, and the Navy spokesman says "the Navy has ordered all new ships designed so they can pass under the Coronado Bridge."

JUNE 20, 1973.

DEAR COLLEAGUE: In a letter to SECNAV I pointed out the folly of shifting key elements of the Navy's nuclear surface units from homeport at Long Beach, where access to the open sea is immediate, to San Diego, where the ships could be trapped and destroyed in a Pear Harbor type attack.

It was also pointed out that the move will cost the Navy money rather than accrue savings.

One way to stop this ill-advised move is to refuse funds for a new \$10 million pier at San Diego.

I hope you will agree and act accordingly. The 1978 Pravda item must not become reality.

Sincerely,

CRAIG HOSMER,
Member of Congress.

[Item from the Pravda, July 4, 1973]

HOW WE DEFEATED THE AMERICANS—U.S. NAVY FORGOT PEARL HARBOR SAYS ADMIRAL PRIBILOFF

LENINGRAD (Tass).—Adm. Serge Pribiloff, Chief of Soviet Naval Operations, revealed today that "America's failure to remember the lessons of Pearl Harbor" set the stage for U.S. defeat and surrender in the recent war.

Pribiloff recalled that Kremlin strategists became convinced of "American naval incredulity" when U.S. Pacific Fleet forces were crowded into San Diego Bay and a few similar landlocked ports during defense cutbacks ordered in 1973.

"From that moment we could confidently plan victory, secure in the knowledge that even America's deadly nuclear surface ships were no longer immune from surprise attack and destruction:

"Dropping the bay bridges at San Diego and San Francisco to immobilize the fleet became the key element of the war plan which forged our victory in the 6-day war," he said.

Pribiloff spoke at the commencement of war crime trials of the American aggressors.

"Obviously we are not bringing to trial the foolish American naval authorities whose penury and short memories made our glorious victory possible," Pribiloff laughed.

NOTE: This reference is to the former U.S.S. *Truxton*, *Long Beach*, and *Bainbridge* which previously had been homeported at Long Beach where immediate escape to open seas was possible.

Mr. SIKES. You have made a very strong statement and the committee certainly is glad to have your recommendations and we respect your recommendations. This project also must be authorized.

Are you appearing before the Armed Services Committee on this?

Mr. HOSMER. I am appearing before them, too, and I will go all the way, sir, on this one. I should add that at Long Beach, you have already

authorized and funded for this pier, \$2 million for the sewage facilities under EPA regulations, and that money would still have to be spent. It hasn't been spent yet but it has already passed the Congress.

Mr. SIKES. Authorized and funded?

Mr. HOSMER. Authorized and funded, yes, sir.

Mr. SIKES. The committee certainly applauds the zeal with which you approach this problem and commends you for your interest in your own area, of course, but it is very appreciative of the concern you have expressed for important elements of the Navy.

Mr. HOSMER. May I add this?

Mr. SIKES. Yes.

Mr. HOSMER. You know, in a period of low international tension it is difficult for any branch of the service to get the money to do the things that are required for the inevitable escalation of tension which comes somewhere down the line. This kind of thing here, which doesn't cost anything to keep the ships where they belong, is prepositioning ourselves for that inevitable day when we do have to marshal our forces.

To make this proposed move is a direct indication to any enemy or potential enemy that the United States is so sloppy that it doesn't even do the things it could do in order to keep its forces out of harm's way.

I thank you very much.

Mr. SIKES. Mr. Long.

Mr. LONG. I am not quite sure I understand what this is all about, Mr. Hosmer.

It wouldn't be the first crazy scheme that the Navy has come along with, wasteful and making no sense, but I am trying to understand just what is involved here and why.

ECONOMIC AND STRATEGIC CONSIDERATIONS

Mr. HOSMER. Well, they have to cut down the shore establishment because the size of the fleet has been cut, which indicates that insofar as the homeporting of ships is concerned, there should be consolidation, so they decided to move everything into San Diego out of Long Beach.

The cities are not too far apart and, frankly, the scheme has some merit from the economic standpoint. If you add up the figures it looks great, but if you look at the hardware you see you have these three very important ships involved. If you recall during World War II when the German sea raiders were operating, they became the biggest problem that the allies had until they were disposed of. This is the same class of ship. This is the kind of ship that has tremendous potential, capabilities, and steaming range, and they are the kinds of ships that you must be very zealous to make certain will survive either a natural catastrophe or an attack.

Putting them 8 miles down the bay where they can't get out is almost certainly condemning them to destruction.

Mr. LONG. It makes so little sense you wonder who came up with it, because there must be somebody around the Navy that has some—

Mr. HOSMER. It was a large plan, as you know, and in any plan there are inevitable defects because men themselves aren't perfect,

things that haven't been massaged out to the n th degree as they should be.

I don't say that anybody deliberately tried to do something bad here, but I am saying that in an operation this size you can make some errors.

Mr. LONG. This sounds like a pretty big error, not just a little one.

Mr. HOSMER. If you look at it from this standpoint it does. If you look at the man in the backroom over at the Pentagon who was told he had to save so much money and who himself has probably never been on one of these ships, never seen one of them for that matter, it was just another ship as far as he is concerned.

As I say, when you look at the capabilities here and what you are doing with them, then the red flag goes up.

Mr. LONG. What about the fighting units of the Navy? Do they stand up to the budgetmakers who, with blindfolds over their eyes, just sit there and draw lines?

Mr. HOSMER. Mr. Long, you and I know that if you were to go over to the officers club you would hear a lot of crying. When the plan was being massaged out, there probably was a considerable amount of crying, but once the order is given they line up and go along.

Mr. LONG. I am afraid you are right. I have seen it happen here. They just come in and give you all the staff conversation and so on.

RELATED COSTS

Tell me, what would be the cost of carrying out this plan of which you disapprove and maintaining the situation of which you approve? What are the relative costs?

Mr. HOSMER. As to the total cost of keeping these three ships, there is a one-time cost of \$2 million that has already been authorized and appropriated for the sewage facilities at the pier.

Mr. LONG. It is a relatively small cost.

Mr. HOSMER. That is \$2 million. Then the Navy says it will cost about a half million dollars a year extra to maintain some people to handle the lines and some other things there.

My people tell me it is closer to \$50,000, but that amount of annual money is miniscule if you want to think of it in terms of an insurance policy for these three vessels. If you run them down to San Diego to the nuclear piers down there, it is going to cost \$10 million and \$9 million for the dredging but, as Mr. Sikes has pointed out, you are going to have to have the dredging for the other ships down there, anyway, so that is not an illogical idea. The cost, then, is \$10 million for the pier.

Mr. LONG. So it does cost more, but the major factors, in your view, are the tactical disadvantages or even disasters that might result as a result of putting them way up there?

Mr. HOSMER. I think the British Navy, the French Navy, and even the Greek Navy, and of course the Soviet Navy will look at us and say, "These American sailors must be out of their minds. They really got their heads deteriorated."

It is not the old U.S. Navy that we knew. They took care of their ships. When I was a kid all those battleships were anchored beside Long Beach there, and one of the big reasons they were put there was the fact they could get them up and get them underway.

PLAN CHALLENGED

Mr. LONG. Have you tried to talk to the Secretary of the Navy about this, or the Assistant Secretary?

Mr. HOSMER. Yes, sir; I have talked with Assistant Secretary Frank Sanders and I have talked with Secretary John Warner, but they are stuck with this plan.

Mr. LONG. You mean this was handed down to them by the Department of Defense?

Mr. HOSMER. You know yourself that Charles Ill put this plan together, and he is Assistant Secretary of the Navy for Installation and Logistics.

Mr. LONG. No; I don't know anything about it.

Mr. HOSMER. He put this package together and when John Warner wanted to see it he had to go to Ill's office to see it. They keep the plans tied up that much. There was not much of any way you could come up with a major plan like this except in extreme secrecy. Once they came up with it, then the people in Rhode Island all got upset and all the rest of the people get upset, but their strategy has been to "Hold the wall, don't move anything; otherwise you are going to have to move it all."

Really I am not even asking to move anything. I am just asking not to give that order to send those ships to San Diego.

COMMITTEE JURISDICTION

Mr. LONG. What is the jurisdiction of this committee? If we refuse to vote the money for this work to be done in San Diego where these ships are to be moved, does that effectively block the move?

Mr. HOSMER. That blocks the move in this way. For these nuclear ships you have to have more shore facilities, you have to have steam, and you have to have very heavy powerlines. When you take down your reactors in order to keep the ship alive you have to get this shore support.

Mr. SIKES. Off the record.

[Discussion off the record.]

Mr. LONG. Is this before us then as a line item at this point?

Mr. SIKES. It is a line item.

Mr. HOSMER. They need some more piers with all the ships they are putting into San Diego. You could even let them build the piers. All you have to do is put a restriction on using any of the money to put in the nuclear support facility at these piers.

They could run their carriers and whatever else they have to run in there.

NEED FOR PIERS

Mr. SIKES. Is it correct that the only justification they have shown for the piers is for the transfer of the ships?

Mr. HOSMER. Well, that is true, but they are kind of equivocal about that. When you pin them down they say, "Well, we need the piers any-

way," but I don't think they do, although I don't know where they are going to put all these destroyers and everything else they put in. They haven't got pier space for them.

Mr. DAVIS. What is the pier situation at Long Beach?

Mr. HOSMER. There are piers all over the place at Long Beach.

We have piers for everything that was homeported and more. If they had brought all the ships up from San Diego, we couldn't have handled at Long Beach the ships from both places. But by sending the ships down to San Diego, there is a little more extra new pier space so they don't have to build as much new pier space to consolidate these ships at San Diego as they would have to build to consolidate them at Long Beach. That is the relative situation on the piers.

However, the quality of the pier space at Long Beach, I must hasten to add, is all good deep water, all quick access to the outside; pull off the side of the dock and maneuver out and you can go to flank speed any time you want. It is quite a different situation from San Diego.

ATTRACTIVE TARGET

Mr. LONG. How many hours would it take to get out of San Diego if they were caught up in an emergency?

Mr. HOSMER. I think about V-J Day in Tokyo when we all steamed into the bay and because of the mines we had to go in one after the other. That was the longest line of ships that man has ever seen, I think. Under the best circumstances, it took 24 hours to get in there.

Now, to get out of San Diego bay in a 600-foot channel with, say, 100 ships and possibly some of them breaking down and occasionally one of them getting aground or something like that, I just don't think you would ever make it.

Mr. LONG. That would be one of the juiciest targets the enemy would have.

Mr. HOSMER. If you are all cranked up that would be one thing, but when you have to get a ship out under an emergency condition the skipper is usually on the beach. If he isn't the exec is. You have a bunch of junior officers there and down in the engine room you have kids trying to get up steam and maybe they will break your main steam line for you. That happened to me one time. You just wouldn't make it, that is all.

Mr. SIKES. Mr. Davis?

Mr. DAVIS. No questions.

Mr. SIKES. This has been very interesting. We do appreciate very much your testimony.

Mr. LONG. It is nice to have before us a Congressman who has been on the scene, and who knows how to look at this from the standpoint of a real tactical situation.

Mr. SIKES. He certainly speaks the language, doesn't he?

Mr. LONG. Yes, he certainly does.

Mr. SIKES. Thank you, Craig.

Mr. HOSMER. Thank you very much.

U.S. MILITARY ACADEMY, WEST POINT, NEW YORK, HOSPITAL

WITNESS

HON. BENJAMIN A. GILMAN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW YORK

Mr. SIKES. The committee is very glad to welcome the Honorable Benjamin Gilman, from New York, to discuss the new hospital at the U.S. Military Academy and, of course, any other items on which you wish to speak.

We commend you for the interest that you demonstrate in your home district and in one of the great institutions of the country. We all share your interest in West Point. We do have some serious construction problems because of the very great costs that we encounter there, costs which many people have tried to bring down and to find some solution to, without much success.

Of course we have to recognize that there must be construction there and we will be glad to hear you on the subject of the hospital and any other items on which you wish to speak.

Mr. GILMAN. Thank you, Mr. Sikes, and I want to thank you for affording me this opportunity to appear in support of this proposal.

Mr. SIKES. Off the record.

[Discussion off the record.]

Mr. GILMAN. Mr. Sikes, I appreciate your kind remarks regarding my interest in the Academy. We in the 26th Congressional District are particularly proud of the institution, the finest military institution in the entire world. That is the point of my being here today; to make sure that that fine military institution also has a first-rate medical facility.

Mr. LONG. We have a pretty good one in Maryland.

Mr. GILMAN. Yes, you do, and I hope they will have just as good a medical facility at their institution as we are asking for at the Academy.

NEED FOR HOSPITAL

I personally visited and inspected the West Point hospital a few months ago, about the same time that Dr. Long visited. We are both members of the Board of Visitors of the Academy. I am firmly convinced that a new hospital is not only sorely needed but is long overdue. The Congress recognized this fully back in 1968 when the original construction was authorized.

However, budget cuts and the escalation of costs have delayed the project. If anything, the need has grown more serious.

The present hospital is wholly inadequate. Since 1965 maintenance has been minimal, just enough to keep it functioning.

Facilities are overtaxed to the extent that patients at sick call sometimes have to wait in a line that extends to the hospital entrance. The pharmacy presently occupies only one-quarter of the space it should have. One optometrist performs his duties in closetlike space two floors removed from the rest of his section.

The medical-surgical clinic does not have enough space to assign an examining room to each physician, even though it is generally recog-

nized that efficiency demands two examining rooms for each doctor. Numerous emergency patients must be treated in one room.

Perhaps the most dramatic indication of the inadequacy of the present hospital is the fact that the electrocardiogram is located in a toilet because of limited space.

I have a few photographs here which I think the committee has had before. I thought it might be appropriate to take a look at these photographs while we are reviewing the testimony.

PRESENT SITE NOT IDEAL

The site of the existing structure is not conducive to good medical care. It is located right in the heart of the Academy grounds and right in the center of a great amount of activity at the Point. There is a great deal of noise, main artery traffic, drills, cadets, support personnel and visitors. All are disturbing to the environment of the hospital. It is like trying to recuperate from an illness in the middle of Times Square.

It is not recommended that the existing hospital be destroyed and another raised in its place; the present structure will serve well the needs of other Academy functions. Money must be spent, either to build a new hospital or to provide space for other activities of the Academy; \$1,350,000 has already been approved and spent in designing the new hospital. These funds would be wasted if Congress were to change its plans.

DAILY OCCUPANCY

Objections have been raised concerning the size of the proposed new hospital. One hundred beds, it has been said, is too large for the existing need. However, the 1972 average of 52 beds occupied per day is atypical for West Point. The Army Surgeon General uses the figure of 66 which, I think, is more accurate. That was the occupancy rate for 1966 and 1967, and was the 6-year average for the period 1966-71.

However, yearly averages are deceptive. In a year when the average daily occupancy rate is 55, the rate is closer to 70 for the months of November through February. During those months, the rate may reach as much as 85 or 90 on some days.

I have been informed that on occasion they have had to set up an extra ward where there has been an emergency, increasing the capacity of this normally 100-bed facility to 116 beds.

Furthermore, the possibilities of varying degrees of epidemic illness are far more likely at the Academy which has a college environment, as opposed to most communities.

Current hospital construction policy allows for a 33-percent increase in beds for hospitals of the size planned for West Point. This is a necessity in order to avoid mixing patients with various diseases.

The fact that only an average of 52 beds per day were occupied during fiscal year 1972 is far less significant than the fact that it was necessary, during the same year, as I mentioned before, to operate an additional ward of 16 beds several times. On many occasions during 1972 the total number of operating beds amounted to 116.

A new hospital can and will serve the community for at least 20 years, and if history repeats itself, the hospital will actually be in operation for more than 50 years. In view of the fact that long-term occupancy estimates are necessary, the 1972 average becomes even less significant.

NEW CONSTRUCTION AND RENOVATION COSTS COMPARED

Mr. Chairman, another matter of concern for the subcommittee is the comparison of the costs of renovation as opposed to new construction. I think this is the nub of the entire argument.

It has been unofficially estimated that major renovation of the existing facility and the construction of a 35,000 square foot outpatient facility would cost approximately \$21 million plus additional design costs of \$1.5 million.

Mr. SIKES. When you speak of renovation, do you mean addition and renovation?

Mr. GILMAN. Yes; there would be a new outpatient facility plus renovation and repair of the existing facility.

Furthermore, there must be added the costs of interim facilities and the relocation of patients during construction. Compare these more than \$23 million with the total of \$25 million being requested for the construction of a new hospital and we see that there really isn't much of a difference between repairing the old hospital and replacing it with a brand new facility.

Of course, renovation still results in a less desirable facility which would not have the approval of the Army's Surgeon General or the Assistant Secretary of Defense for Health and Environment, because of the poor site and the existing physical constraints.

PLAN COMMENDED

In closing, permit me to submit the statement of the Joint Commission on Accreditation of Hospitals, dated November 19, 1968, which even then, prior to the present expanded Cadet corps, found the existing hospital deficient and inadequate, stating:

Plans for a new hospital are noted and commended. It is recommended that this be expedited in order to provide a more suitable facility for the practice of modern medicine as well as to alleviate the severe shortage of space in several departments.

Mr. Chairman, the need for a new hospital at West Point is abundantly evident. I am supporting its construction and I respectfully urge the subcommittee to do the same.

Mr. SIKES. Thank you very much, Mr. Gilman.

Let me assure you that the subcommittee welcomes your appearance, is concerned about the problem of a new hospital at West Point, and will give very careful and thoughtful consideration to your recommendations.

Mr. Davis?

Mr. DAVIS. I have no questions, Mr. Chairman.

Mr. SIKES. Mr. Long?

RENOVATION COSTS

Mr. LONG. How do you arrive at the \$21 million plus a design cost of \$1.5 million for renovations?

Mr. GILMAN. I have a chart on the renovation cost. It was based on an estimated \$7 million, as I recall, for the construction of the outpatient facility, approximately \$12 million in conversion of the existing facility, and then \$1.5 million for site preparation and utilities. I have the breakdown before me now.

The estimate of cost for the hospital renovation includes a new outpatient facility at \$6.9 million. That is midpoint construction costs. Sitework and utilities, \$1.5 million; and conversion of the existing hospital, \$12.3 million; or a total of \$20.8 million for renovation and construction. Additional design costs are estimated to be \$2.5 million, for a total of \$23.3 million.

Mr. LONG. You have \$1.5 million here.

Mr. GILMAN. I see I am in error. The engineers had estimated \$2.5 million or a total of \$23.3 million.

Mr. LONG. Who made this estimate of the cost?

Mr. GILMAN. This was made by the Army Engineers, in attempting to arrive at an estimate of what the cost of renovation would be.

Mr. LONG. Do you have the details?

Mr. GILMAN. Yes, I do. I can make a copy of this sheet and submit it, but let me at this point pass it on to you to take a look at, Congressman Long.

Mr. LONG. This gives you a breakdown of a lot of costs, but who made the estimate?

Mr. GILMAN. This was part of a fact summary requested from the Academy, and it was my impression that the information was provided by the Engineers who have been working on the hospital project.

Mr. LONG. What Engineers?

Mr. GILMAN. The Army Engineers.

Mr. LONG. What does that mean?

Mr. GILMAN. They are the U.S. Army Engineers.

Mr. LONG. That is not the Corps of Engineers.

Mr. GILMAN. The Corps of Engineers have been working on the design of the new hospital, and they were asked to submit cost estimates of a modification and repair. These were submitted to me by the Superintendent of the Academy.

EXTENT OF RENOVATION

Mr. LONG. Do you have language so we can understand just why it costs so much? This \$23.5 million estimate, of course, means that it would cost as much to renovate as it does to build it new. Under what set of assumptions is that? Why does it have to be renovated to that extent? Why can't you partially renovate it? You have a laundry-room here, which is tight, and you have a few other rooms; but, basically, you have a 135-bed hospital which does have space. I would have thought you could have rearranged that without virtually proposing to build a new hospital within a hospital. That is what the modernization proposes to do. Why go about it that hard way? Why not just make some changes required here?

Mr. GILMAN. There has been no repair or renovation or alteration of this hospital in the past decade. They have done minimal repairs, recognizing that they are either going to have to undertake major alterations or reconstruction.

Mr. LONG. I understand all that.

Mr. GILMAN. This project has been dragging along, and more and more repair work has accumulated. There is hardly a floor that doesn't require some major renovation or repair. The optometry section you saw is squeezed into a little closetlike structure. They are continually treating eye problems and undergoing a continual reexamination of the entire cadet corps which is now up to a strength of 4,000 cadets.

NEED FOR OUTPATIENT CARE

The outpatient facility, which is the most used facility in the hospital, has some 10,000 patients going through it each month. There is insufficient room for examination and emergency care. It has been recommended that, no matter what is done with the existing facility, the outpatient facility be a new facility; that a completely new facility be constructed either there or at whatever other site is proposed.

Construction of the outpatient facility is a substantial cost of the basic renovation alternative, as you will note from the breakdown. Unfortunately, when you are talking about construction at West Point, you are talking about college-type construction to blend in with the existing facilities. It is heavy stone block up on the Palisades, up on the cliffs. It is difficult construction, and it is admittedly a high-cost construction area. Also, the cost of construction is pretty much determined by metropolitan rates. It is close enough to New York City that New York City rates apply, and this is one of the costliest construction areas in the Nation. These are some of the problems involved in building or repairing in this area.

Mr. LONG. I think we all recognize that. You see, you have enormous figures which go way beyond the problems you bring out here. Your own figures show that bed occupancy has been declining. It is now averaging about 52. It used to run about 65.

You have room for about 135 beds, and your own people admitted to me at West Point that beds were not the problem. The main thing was outpatient care. I am just wondering why outpatient facilities—an awful lot of people come in with cuts and bruises—can't be handled, say, in the gymnasium. Why can't they be handled in some other place, or why can't the men be staggered in time?

I understand everyone answers sick call at exactly the same time. I am a little puzzled as to why this couldn't be set up so that some men would come in—perhaps the most serious cases—right away in the morning; others would come in a little later, so as to be staggered during the day? Of course, there were no cadets at all when I was there in the outpatient area. This was 10:30 in the morning. There wasn't one.

Mr. GILMAN. Sick call is the earliest part of the day in all military facilities, so that you can try to get the man back on duty and obtain the most utilization of the manpower. There are at least 10,000 each month who go through the outpatient facility.

Mr. LONG. You haven't answered my question about handling a lot of cuts and bruises in the gymnasium.

Mr. GILMAN. The gym, as you are aware, is an outmoded facility, crowded, and is utilized practically around the clock. They have insufficient space now to accommodate the physical instruction needs of the Academy in the gym. There just isn't another facility available. They need the existing hospital space now for other activities at the Point which have outgrown their facilities. The admissions office has outgrown its present location. There is a need for new dental clinic. They have no space now for the dental clinic. It is spread around six different buildings. There is a need for expanding some of the other areas. There isn't enough space now. We have doubled the corps in the last 3 or 4 years.

HOSPITAL CASELOAD

Mr. LONG. Yet, hospital occupancy has gone down.

Mr. GILMAN. That figure of a declining hospital bed occupancy is based on an average. As I pointed out in my testimony, the Academy needs are seasonal. The heaviest needs of course are in the fall and winter months. There are times when the need exceeds the existing 100-bed capacity.

Mr. LONG. But you haven't pointed out once when——

Mr. GILMAN. Take the average. You are taking a summer month when there is hardly any utilization, when the men are out in the field or overseas in other areas in training and there is hardly any cadet population at the Academy. That is why to utilize an average figure is deceptive and is not a valid figure. You have to examine it month by month. There are times when normal bed space is overtaxed. There is more bed need than there is bed capacity in the winter months.

Mr. LONG. You say that during the heavy months the rate may reach 85 or 90, but you have a 135-bed hospital.

Mr. GILMAN. It has gone to 116 on occasion.

Mr. LONG. But isn't that what this extra space is for? When you have a heavy drain you have the extra space, and you have covered it. It would seem to me that that is exactly what you need 135 beds for, and that is provided. Just to say that now and then, when you do reach a very high occupancy, this calls for building a whole new hospital, it seems to me, throws away the whole idea of the reserve capacity of which you have occasionally made use.

Mr. GILMAN. You are talking about 100 beds.

Mr. LONG. 135, because you have the capacity for 135.

Mr. GILMAN. The new facility is based on a 100-bed proposal, if I am not mistaken.

Mr. LONG. You want a new hospital with only 100 beds.

Mr. GILMAN. That was the Army's proposal; 100 beds, if I am not mistaken.

Mr. LONG. But the present hospital will handle 135.

Mr. GILMAN. A 100- to 135-bed hospital for 4,000 cadets, plus the military personnel that serve that hospital, plus the outlying military retired personnel in the area that this hospital must serve. It is a requirement that it serves these people.

Mr. LONG. Just a minute. Let me understand what you are asking. It is my understanding you are proposing to build a new hospital which

will be a 100-bed hospital. The present hospital is 135 beds. The present hospital will not be used for a hospital facility.

Mr. GILMAN. That is right. It will then be transformed into a dental clinic, an administration office, and some other activities that are sorely needed.

Mr. LONG. Having told us what a desperate situation you occasionally run into where you need more beds—because now and then you get up to 70, 80, or 85—you now tell me that the new hospital will have fewer beds than the present one, 100 instead of 135.

Mr. GILMAN. I know you have pointed out this argument before, Congressman Long. You are saying there is more bed space available than there is a need.

Mr. LONG. I am saying that there is more bed space available in this hospital than there would be in the new one you are proposing.

Mr. GILMAN. I am not attempting to justify the need for 135 beds, but I am saying a 100-bed hospital certainly would be fully utilized for an academy of this size, including the personnel involved in running the academy.

Mr. LONG. Exactly, but you have a 135-bed hospital.

USE OF EXISTING FACILITIES

Mr. GILMAN. But this is not the only problem. The bed problem is not the only problem. If that were the only problem, it might very well be that this could be accomplished.

Mr. LONG. Now we agree.

Mr. GILMAN. No, we are not agreeing. I am saying there is a bed need. I am saying there is a poor facility. I am saying we must either renovate or build, and we are confronted with the economic situation as to which is more economical: To build a new unit costing \$25 million or getting into alterations that are going to cost close to that amount. I think the major argument here is the economy of building a new facility, which has been recommended by the medical experts, by the Joint Commission on Accreditation of Hospitals and by all of those who have inspected the existing facility who recommend that there has to be something seriously done to change the present quality of medical care being given at this hospital.

Mr. LONG. Let's come back to the point about the beds. You are pointing out the great need for beds, but the fact is that the new hospital would have fewer beds than this one. That gets us back to the point that the authorities at West Point retreated to when I was there talking to them: That beds were not the justification for a new hospital. It was outpatient facilities.

Mr. GILMAN. If I might just interject—

Mr. NICHOLAS. And laboratory support facilities.

Mr. LONG. Yes.

Mr. GILMAN. There is a time during the year when beds are a problem. In winter months occasionally the bed need is over and above the availability of bed space.

Mr. LONG. But, Ben, you are not going to solve that problem by building a smaller hospital.

Mr. GILMAN. I recognize that, but what the Army is trying to do is to economize as best it can and still fulfill a need. It recognizes that

there may be a greater need than the size of the facility proposed allows, but they are trying to keep within reason, and trying to do what you are doing; keep within our budgetary responsibilities.

Mr. LONG. I would hope that the West Point authorities would re-examine this, and possibly look to handling some outpatient requirements in some other building. I was in the gym for an hour. It is a vast gym which seems to go on forever, and I didn't see more than a few dozen people in the gym. I would suppose that if everybody went into a gym at one time it would be crowded, but when I went through the gym it was just vast space with one or two people hitting a ball around here and there.

I talked to a great number of cadets about the gym, and they were all enthusiastic about it. I didn't run into one who didn't think they had plenty of gym space. Like most gyms, you know, it can be filled up if you want, but there are certain times of the day, I think, it could be used for patching up cuts and bruises for outpatients.

When I inspected the outpatient facilities, they were used mostly by older people. There wasn't a single cadet that I could see, and the hospital authorities admitted that. I really have no more questions to ask, Mr. Chairman.

Mr. SIKES. Thank you, Mr. Gilman.

Mr. GILMAN. Thank you for the time of the committee, Mr. Chairman, and I appreciate your consideration of the issues here.

MILITARY OCEAN TERMINAL, BROOKLYN, N.Y.

WITNESS

HON. HUGH L. CAREY, REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. SIKES. The committee is happy to have with us today the Honorable Hugh L. Carey, our friend and colleague. We will be glad to hear from you at this time; you may proceed in your own way.

Mr. CAREY. Mr. Chairman, I am submitting testimony to this subcommittee for the same reason which impelled me to testify before the House Armed Services Committee last week: The need to continue the operations of the Brooklyn Army Terminal. The Department of Defense has been trying to close down this facility and to transfer its operations to Bayonne, N.J. Yet every year since 1964 the Congress has refused to appropriate funds for any move from Brooklyn. I hope that your subcommittee will recommend similar action this year, and I would like to state the reasons for my position.

The Brooklyn Army Terminal houses both the Army's Eastern Area Headquarters of Military Traffic Management and Terminal Services and the Navy's Headquarters of Military Sealift Command. Fourteen hundred people are employed, 1,000 by the Army, 400 by the Navy. I emphasize the word "people," because all too often the closing of a defense installation is seen as simply a matter of numbers. Brooklyn and the New York area have lost thousands of defense related jobs in recent years, and the loss of these jobs has meant great hardship to a great many families.

The negative aspects of closing the Brooklyn Army Terminal are far too clear. I would like to cite some of the many positive reasons for keeping it open.

First, there is the opportunity for a highly successful civilian partnership in the development of the terminal land. The city of New York considers the Brooklyn Army Terminal the key to future development of the entire Brooklyn waterfront, and has ambitious plans for its development. These plans include a 55-acre container port and the redevelopment of the Penn Central Railroad yards. The contemplated activities would fit in well with the cargo shipping management activities carried out by the Army and Navy units currently at the terminal.

Second, the continued use of the Brooklyn Army Terminal has been a major factor in the redevelopment of this one depressed area. For example, the reactivation of the railroad through the base has enabled many small industries in the Bush Terminal Complex to continue in business.

Third, this redevelopment will continue. Recently the Lutheran Medical Center announced its intention to move into the AMF building 1½ blocks away from the terminal and to spend \$58 million to put up a new hospital at that site.

In addition to all these factors, I think that the economics of the attempted relocation of the Brooklyn Army Terminal are highly questionable. Moving the computers and other delicate equipment from Brooklyn to Bayonne would cost millions. The Department of Defense itself concedes that closure and relocation costs would be in excess of \$6 million. What has been happening in Brooklyn is that the Defense Department has been conducting a "war of attrition" on one of its own facilities by attempting to starve the Brooklyn Army Terminal of maintenance and other necessary support, and thus present the workers and the community with a fait accompli. These tactics must not be allowed to succeed, and it is the function of Congress to insure that its will is carried out.

Mr. Chairman, I hope that the Appropriations Committee will continue its refusal to appropriate any funds which would go to aid the closing of the Brooklyn Army Terminal.

MR. SIKES. Thank you, Mr. Carey, for coming before the committee to present your views. We shall give them every consideration.

NAVAL UNDERWATER SYSTEMS CENTER, NEW LONDON, CONN.

WITNESS

HON. ROBERT H. STEELE, REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. SIKES. As our next witness, we are scheduled to hear from the distinguished Representative from the State of Connecticut, Hon. Robert H. Steele. The committee is pleased to hear from you.

Mr. STEELE. Mr. Chairman, I submit testimony in support of an item in the Department of the Navy's budget request for the 1974 construction program; namely, a new engineering building for the Naval Underwater Systems Center, New London Laboratory, New London, Conn.

I would like to briefly outline for the subcommittee the role of the proposed facility in the overall mission of the Underwater Systems

Center, the need for the building, the function to be performed, and the possible effects on the work of the Naval Underwater Systems Center if the new facility is not authorized.

1. MISSION

The mission of the Naval Underwater Systems Center is to be the "Navy's principal research, development test and evaluation center for underwater weapons systems." The Naval Underwater Systems Center is one of the several research and development centers operating under the Naval Materiel Command. Its mission and technical program have been conceived to provide R. & D. support to the Naval Ship Systems Command, the Naval Electronic Systems Command, the Naval Ordnance Systems Command, the Naval Air Systems Command, and the Naval Oceanographic Office. It is in support of this mission that the engineering building P003 is planned for construction at the New London laboratory site.

2. REQUIREMENT

This structure will provide a modern engineering technology capability at the Naval Underwater Systems Center, New London Laboratory to support in-house research and development on the new generation of Navy underwater combat systems and components for surveillance, submarine communications, and navigation in an underwater environment. This project supports engineering design, mechanical and electronic prototyping, assembly and checkout for such programs as SQS-26 surface ship sonar and BQQ-5 sonar suit for advanced nuclear attack SSN688 class submarines, and the Trident system for fleet ballistic missile submarines. Full scale transducers and oceans systems hardware processed by the New London Laboratory require large-scale industrial engineered fabrication, assembly and test facilities. Existing World War II temporary buildings being replaced are functionally inadequate, have no high bays, lack bridge cranes, have flooded during severe storms, and present a fire hazard to a \$7-million inventory of machine tools and electronic instrumentation. Requirements of Executive Order No. 11296 (flood hazards) are not applicable. This item has been reviewed and complies with the intent of Public Law 91-190. The item will not cause additional air and/or water pollution.

3. FUNCTION TO BE PERFORMED

This facility will function as the engineering technology center of the laboratory's research and development community. It will permit collocations of electronic, electrical and mechanical engineering design with naval architects and design consultants engaged in major underwater sensor systems design. The industrial division, electronic and mechanical model shops are combined in an industrial engineered process workflow layout to address the expanded R.D.T. & E. fabrication requirements for electro-mechanical prototype submarine sensor components. A modern environmentally controlled instrumentation laboratory included in this facility will incorporate the latest equipment for electronic instrumentation, repair, calibration and control for

fleet systems test installations. The microelectronics research section, electromagnetic silencing laboratory, human factors group and other applied engineering disciplines will combine in this facility the nucleus of combat systems support for the center.

4. JUSTIFICATION FOR THE NEW FACILITY

The New London Laboratory of the Naval Underwater Systems Center is the leading Navy laboratory responsible for the development of underwater combat systems for nuclear submarines. The final performance of submarine weapon systems such as SUBROC and the various torpedo systems including the MK 48 are directly related to the accuracy and reliability of the inputs from the submarine acoustic sensor systems. A major portion of the New London Laboratory effort is in support of the submarine acoustic sensor program. This effort has two main thrusts at this time:

First, major improvements in accuracy, performance and reliability of present submarine sonar systems.

Second, consolidation of proven features from present sonar systems with selected new techniques to provide the improved performance required for the SSN688, Trident, and follow-on class submarines. The success of these programs will depend upon the in-house capability of the laboratory to assemble and test major system components and key subsystems under the controlled conditions. The capability to assemble such subsystems and systems components is greatly restricted by the present structures available at the laboratory.

A second key program area for which the New London Laboratory has lead responsibility is the surface ship acoustic sensor systems program. The accuracy, performance and reliability of the surface ship acoustic sensor system will directly affect the accuracy of the underwater weapons systems used in anti-submarine warfare.

The laboratory is also involved in the development of major improvements in accuracy, performance, and reliability of these systems. Laboratory facilities presently available have not kept pace with the size and complexity of the systems now required to satisfy fleet needs. MILCON project P003 will provide the laboratory with the capability to handle, assemble and test under controlled conditions the various subsystems and components required for this program.

The rapidly increasing threat resulting from foreign emphasis in underwater warfare systems creates a technological challenge incapable of being met by the United States due to a lack in modern experimental engineering facilities sensitive to the unique complex and sophisticated techniques arising from rapidly advancing R. & D. efforts in underwater surveillance, communications, and submarine electronics. This line item addresses this urgent need and provides an experimental engineering environment commensurate with the sensitivity, complexity, and sophistication of modern and advanced underwater sound techniques. It is urgently needed to maintain international technological and operational supremacy in this area of warfare.

5. EFFECTS IF THE NEW FACILITY IS NOT PROVIDED

It is expected that the submarine combat systems program area will be the principal technical area of importance in the laboratory within the next 10 to 20 years. The facilities presently available to the laboratory will not permit handling, assembling, and test of such systems.

If the facilities that will be provided by line item P003 are not made available to the New London Laboratory, then the successful completion of the test and evaluation programs under controlled conditions will not be possible and the intended operational capability of submarine combat systems cannot be assured.

Failure to procure this line item at the earliest possible date will greatly increase the potential of technological surprise by our adversaries, and significantly limit the application of continuously evolving R. & D. discoveries to current and future underwater fleet operations.

The concentration of internal competence and technical expertise in systems and components design, fabrication, assembly and test can only be maintained through adequate facilitization in support of these resources. The present temporary expedient of outside task contract programs to design agents and fabrication shops is a trend to be reversed to attain the overall goals of a quick response to fleet requirements and cost benefit to the Navy R.D.T. & E. program. The estimated cost of construction of this facility is \$3.6 million.

Thank you.

Mr. SIKES. Are there questions? [No response.] Thank you, Mr. Steele, for your very informative presentation. .

STATEMENT OF HON. EMANUEL CELLER ON PATIENT VISIT FACILITY,
WALTER REED ARMY MEDICAL CENTER

WITNESS

BENJAMIN L. ZELENKO

Mr. SIKES. The committee had a request from our distinguished former colleague, Hon. Emanuel Celler, for time before the committee. Of course, we recall most pleasantly the distinguished service of Congressman Celler. In fact, his was one of the longest periods of service on record, a half century of outstanding and distinguished service to America. He is unable to be present. He is represented by a high-ranking staff member of many years with this committee, and a trusted confidant of Chairman Celler, Mr. Benjamin L. Zelenko. Ben, it is a pleasure to see you. You and I have worked together on important legislation, sometimes on the same side of the issue and sometimes on opposite sides, but we have always worked agreeably and as friends on legislation. We are very happy to have you with us, and we will be glad to have you present Mr. Celler's statement.

Mr. ZELENKO. Thank you, Mr. Chairman. I want to say that it is a great pleasure to be here today and to see you and other members of the committee with whom I worked in the past. The statement is very brief, Mr. Chairman. With your indulgence I would like to read it.

STATEMENT

Mr. Chairman and members of the subcommittee, I had hoped to appear and greet you personally but because I have just returned from abroad, most regrettably, I am unable to be in Washington today. I have asked my colleague, Mr. Benjamin L. Zelenko, to present my statement to you.

I am a member of the law firm of Weisman, Celler, Spett, Modlin & Wertheimer, with local offices at 1025 Connecticut Avenue NW., and want to testify this morning about a project contained in the military construction appropriations request for fiscal year 1974. The project concerns a new 100-unit patient-visitor facility at the Walter Reed Medical Center calling for an appropriation of \$1.997 million.

As I understand it, accommodations at the new patient-visitor facility will be available only to next of kin of patients at the Walter Reed General Hospital and to outpatients expected to be treated for a short period of time. The project also contemplates the demolition of an existing visitor facility containing 28 rooms.

We ask you to carefully review the proposed expenditure and determine whether it really is justified as being in the best interests of the United States. We hope that the subcommittee will have assured itself with respect to the accuracy of the underlying construction costs and inflation estimates, and as to the availability and adequacy of existing nearby facilities.

Today I appear on behalf of the owner and operator of the Walter Reed Inn, located immediately opposite the Walter Reed Medical Center gate at 6825 Georgia Avenue NW. The inn was constructed in 1967 and completed in 1968 and opened its doors in June of that year. It accommodates, among others, military personnel attending classes on temporary duty assignment at the Institute of Pathology and those pursuing dentistry studies at the Medical Center.

I ought to say parenthetically that approximately 15 weeks of the year there are personnel attending classes at the Pathology Institute, and 10 or 12 weeks a year dentistry studies are conducted at the Medical Center. It also provides rooms at a reduced rate to visitors of patients at the Walter Reed Hospital who are unable to obtain accommodations or who do not wish to stay at the present visitor facility. Thus, the Inn has come to be a dependable, convenient source of up-to-date accommodations for many of the same persons who would be accommodated at the proposed new visitor facility.

The Walter Reed Inn is a four-story and basement brick motel containing 54 guestrooms, garage parking for 46 cars, and restaurant facilities. We believe that the Inn provides the U.S. Army with suitable, modern, convenient facilities at a substantially lower cost than that proposed in the current budget for military construction for fiscal year 1974. Furthermore, a purchase or long-term lease of these premises will result in certain definite savings to the Government in view of the numbers of personnel on temporary duty assignment who regularly use the accommodations at the Inn. As I understand it, such temporary duty personnel would be ineligible to stay at the proposed new patient-visitor facility.

In an effort to accommodate the interests of the U.S. Army and the owner and operator of the Inn, we have offered the premises of the

Inn for sale or long-term lease to the Government. Conversations on the subject occurred on June 1, 1973, in the offices of Maj. Gen. Kenneth B. Cooper, Director of Installations, Office of the Deputy Chief of Staff for Logistics. At that time, we indicated that the construction of the proposed new 100-unit patient-visitor facility on the grounds of the Medical Center would work a severe economic penalty to the commercial operations of the Walter Reed Inn. In the case of the Inn, which contains 54 guest rooms, the difference between a profitable and a marginal operation is the occupancy of five to seven rooms a night. Manifestly, the new visitor facility on the grounds of the Medical Center would drain away essential clientele from the Inn and impose irreparable economic injury.

Two thorough appraisals were conducted in January 1971 and contain further detailed descriptions of the facilities and indicate the market value of the Inn at that time at \$1.2 million and \$1.150 million respectively. Copies of these appraisal reports were furnished the Department of the Army. On June 28, 1973, representatives of the U.S. Corps of Engineers made an onsite inspection of the premises of the Walter Reed Inn, and I am advised that they have now completed their report and appraisal which is being considered, although no final decision has been made.

I want also to add, Mr. Chairman, that informally we have heard only favorable reports on this facility from those with whom we speak in the Department of the Army. They seem to be interested in obtaining the Walter Reed Inn on a long-term basis.

Mr. Chairman, we are hopeful that our proposal to sell or lease on a long-term basis the facilities of the Walter Reed Inn, located immediately opposite the Georgia Avenue gate of the Medical Center, will receive favorable consideration by the Department of the Army and that arrangements mutually satisfactory can be consummated. Because of the pendency of this offer and its relationship to the proposed construction of a patient-visitor facility, we believe that this subcommittee should be fully informed about the premises. Moreover, we ask this subcommittee to defer approval of appropriations for the proposed construction of the new patient-visitor facility at Walter Reed Medical Center until it can determine that the proposed construction is in the best interests of the United States.

I shall be pleased to answer any questions which the subcommittee may have. Thank you for the opportunity to present these comments.

Mr. SIKES. Thank you very much, Mr. Zelenko, for the statement. This does pose an interesting alternative. The committee certainly wants all the facts. As you state, a report is in process of preparation. We will insist that that report be made available to us, and we shall certainly consider very carefully the facts as you have pointed them out.

Mr. Davis.

Mr. DAVIS. I think this is a good service to perform, to present this alternative to us. As the chairman said, we will get all the facts on this from General Cooper's office before we make any decision.

Mr. SIKES. Mr. Long.

OCCUPANCY AND RATES AT WALTER REED INN

Mr. LONG. What do they charge at the inn?

Mr. ZELENKO. As I understand it, Dr. Long, the charges are \$16 to \$20 a night.

Mr. LONG. For a double room?

Mr. ZELENKO. Yes, but when visitors of patients at the hospital want accommodations, and the Medical Center calls up the Inn and says, "We have people who are visiting patients here," the inn reduces its charge and offers rooms at \$12 to \$16.

Now, the Army has asked for a new 100-unit facility. The Inn has 54 units, including a few with kitchenette facilities. It is located immediately opposite the Georgia Avenue gate. In terms of distance, it is closer to the hospital than the new guesthouse, even though it is not on the Center grounds.

OCCUPANCY

Mr. LONG. What is your average occupancy? Are you overflowing?

Mr. ZELENKO. No. I think the average occupancy is between 70 and 80 percent a year. It is a profitable operation, but it does have unused capacity. Its major source of income is accommodating personnel attending classes and visitors of patients at Walter Reed. It constitutes the patient visitor facility in existence today. Our proposal to this subcommittee and to the authorization subcommittee is that there is in existence today a modern facility, fully equipped and convenient to the Medical Center. The costs proposed for a new building do not include furnishings. The Walter Reed Inn is fully equipped with restaurant facilities and with parking spaces. It serves the same clientele that a new facility would serve. By using the Inn new construction will not be required and suitable up-to-date, convenient accommodations can be obtained by the Government at a far lower cost.

Mr. LONG. What would the people be charged if they stayed at this inn which the Government proposes to build?

Mr. ZELENKO. I have no idea.

Mr. LONG. They wouldn't stay there free?

Mr. ZELENKO. No, but I ought to add a very persuasive point. It is that what the Army proposes to build would only accommodate next-of-kin and outpatients. Those who attend classes, and I can supply figures to the committee if it desires them, those who are on TIDY orders and attending classes will not be eligible to stay at this proposed new guest facility. They are presently accommodated at the Inn. If this Inn were under lease to Government, the cost of those rooms would be recouped by the Government. Whatever those people are paying would provide additional income for the Government and would correspondingly decrease whatever cost the Government was assuming. In any event, the total cost for using the Inn would be far less than what is requested in the appropriation.

Mr. SIKES. Thank you very much.

Mr. ZELENKO. Thank you very, very much, Mr. Chairman.

Mr. Chairman, with your permission I would like to append to these remarks an excerpt from a report of the House Select Committee on Small Business issued in the 92d Congress. The present case falls squarely within the findings and conclusions of that report. The thrust of the report is that small business is gravely injured by military

projects providing temporary housing and consequently small business should be given the first opportunity to meet such housing needs.

Mr. SIKES. I believe that completes the hearings. Thank you. We will have one or two additional items for the record.

[Rept. No. 92-943, 92d Cong., 2d sess.]

THE IMPACT OF FEDERAL INSTALLATIONS OF SMALL BUSINESS

CHAPTER II. FINDINGS

* * * * *

B. JUSTIFICATION

Office of Management and Budget Circular No. A-76 establishes the basic policies to be applied by executive agencies in determining whether commercial and industrial products and services used by the Government are to be provided by private suppliers or by the Government itself. This circular states that the Government's general policy is to rely on the private enterprise system to supply its needs. Exceptions to this policy occur where "it is in the national interest for the Government to provide directly the products and services it uses." These circumstances are contained in paragraph 5 of Circular A-76.

In commenting on the applicability of this circular to military temporary lodging programs, George P. Shultz, Director, Office of Management and Budget, stated in a letter dated March 3, 1972, that ". . . The provisions of that circular govern the acquisition of services to fulfill Government needs but are not specifically applicable to services which will benefit Government employees." However, Director Shultz goes on to question whether the basic policy of circular A-76 should not apply:

Since nonappropriated fund activities have been legally characterized as instrumentalities of the United States, we question whether the basic policy that the Government will not compete with private industry should not be applied to activities that involve the use of nonappropriated funds.

The subcommittee finds that Government incursion into areas traditionally reserved to private enterprise to be of grave and serious concern. Such incursion should not be allowed or permitted unless a very thorough and convincing justification is demonstrated.

In discussing such justification, in connection with the Pentagon's announced plans to construct and operate Government motels on military bases, two important distinctions must be made; that of the military's requirements, and that of private facilities. The latter is not a valid and reasonable basis for the former. It must first be determined that temporary lodging facilities are indeed needed, and then to determine whether the private sector can meet these requirements. A comparable example would be the justification for the Government's building and operating livery stables; the fact that the private sector is not building and operating such facilities does not justify the Government in doing so. It must be first demonstrated that livery stables are in demand.

1. *Military requirements*

The military's requirements for temporary lodging can be best divided into two parts: (a) personnel, and (b) facilities. With regard to personnel, the basic questions arise as to who needs temporary lodging quarters and why? In terms of facilities, it must be determined what kind of lodging the above personnel require.

a. *Personnel*

The military services' stated requirements in terms of personnel to use temporary lodging quarters is highly questionable. The Army, Navy, and Air Force all claim that such facilities are needed for permanent-change-of-station personnel (PCS) because of the extreme burden placed upon such personnel during the PCS status. Each service has, therefore, promulgated regulations which place PCS personnel in a first priority position.

However, none of the services differentiate among PCS personnel in regard to their rank or urgency of need for temporary living quarters. The subcommittee was not furnished with any statistics showing how many PCS personnel with families had to have temporary quarters during their transient status, or who preferred to stay in such quarters as opposed to effecting their transfer by other means. It would be an understatement to observe that there is a definite distinction—between a private, a colonel, and a general in terms of their ability to bear expense for transient living quarters.

Each of the military departments continually emphasize that military motels are needed for the low-paid and unreimbursed enlisted man and his family. The Navy, in fact, even brought a petty officer 1st class to testify as to his financial problems in locating necessary lodging. However, the Navy's priority regulations for use of their lodges do not contain any provision as to enlisted men getting first priority, although the regulations do require a fair ratio of officers to enlisted men. But the subcommittee was not shown, and indeed does not believe that there exists, any evidence to show that high ranking officers have serious financial difficulties in connection with their PCS moves.

Furthermore, the Army and Navy priority regulations allow friends and relatives to use their facilities if room is available. The subcommittee finds that little, if any, correlation exists between the stated need for temporary facilities and use by civilians. Allowing friends and relatives to use military motels constitutes direct and unfair competition with private enterprise. The subcommittee finds this to be deplorable.

Temporary living quarters already exist for immediate family and relatives visiting servicemen in hospitals, and other such hardship cases. However, the subcommittee was not informed that this class of personnel was in need of additional quarters.

The Army stated that the high numbers of civilians using Fort Knox facilities resulted from parents visiting their sons during training, and such was highly desirable from the Army's standpoint. However, if the presence of friends and relatives is a defense-related activity, then the question is raised as to why the military departments did not go through the normal appropriation process.

Priority regulations provide for numerous other categories of potential users, many of which the subcommittee feels to be questionable. Personnel on temporary duty (TDY), for instance, are normally allowed per diem expenses, and servicemen on vacation are doing so at their own volition and not under orders of the military.

These findings are borne out by statistics furnished by the services themselves. Although the Air Force does not have any motels in operation, and the Navy has just begun operation, the Army's occupation reports show that during the month of July 1971 the guesthouse facility at Fort Knox, Ky., had over 2,000 civilians on unofficial duty using the facility, and that of the 941 enlisted men who rented rooms, only one-third were on official duty.

Perhaps most decisive of all, it appears that the services cannot establish any correlation between priority of use and justification for construction and operation of military motels. It seems incredible that millions of dollars would be spent on a program for which there is no relationship between the justification for its existence and its actual use. It is even more incredible that, for example, the Air Force would award a contract for over \$8 million and still not have definitely determined who is going to use the facilities by publishing priority regulations, even though this subcommittee had questioned the justification for the whole program at a prior hearing and before the contract was awarded.

b. Facilities

Although the subcommittee does not find any justification for the construction and operation of temporary lodging quarters in terms of personnel requirements on the basis of the information supplied the subcommittee, there are further questions with regard to the type of facilities needed.

The Air Force is constructing units, all of which have kitchenettes and sleeping accommodations for five people. The subcommittee finds no evidence documenting the need for kitchenettes in every unit. In fact, it may be highly probable that PCS personnel, during their search for permanent living quarters, would not have an opportunity nor desire to use cooking facilities, but would rather eat out.

The Army has not planned kitchenettes for every one of their units. PCS personnel are encouraged to use mess facilities on base. The subcommittee finds this to be very realistic and commendable.

2. Private facilities

Assuming that the military departments have adequately identified personnel who are in need of temporary living quarters and the type and nature of those quarters, the second part of justifying Government intervention into private enterprise concerns itself with the nature of private accommodation facilities.

In order to determine the nature of private accommodation facilities, it is necessary that an accurate, detailed, and exhaustive study be made of such facilities. The subcommittee finds that this has not been done by any of the military departments.

In some instances, the services have relied on AAA publications and other similar material to ascertain rates and number of units. It appears that no one actually went into the field and obtained information on private accommodations prior to the decision to build Government facilities. However, the Army and the Navy are in certain instances performing detailed studies in this regard, which is most commendable.

The Air Force, however, did not conduct any precise or definitive survey of private facilities prior to awarding its contract for 18 bases. The subcommittee's hearings disclosed that some motel owners were not contacted until after the contract was let, and in some instances not until after the recent hearings were announced. The Air Force did obtain a list of motel representatives, and some of them were contacted, but methodology of the survey was highly questionable. It does not appear that there was any actual intent to ascertain relevant information.

The subcommittee was assured by high ranking officials of the Department of Defense that the individual services would not construct temporary living quarters where private enterprise could meet the military's requirements on a reasonable basis. In a letter from Assistant Secretary Barry Shillito dated September 10, 1971, the subcommittee was informed that:

Justification for proposed temporary lodging quarters projects will include a survey of private accommodations including hotel/motel facilities and an indication as to whether the private sector can satisfy our temporary lodging requirement. Additionally, information will be provided as to the feasibility of Government leasing of suitable private facilities.

In that same letter, Secretary Shillito stated that he issued an order on August 18, 1971, requiring the military departments to forward all proposed projects to his office for review. That order was subsequently rescinded, although it was assumed that the above statement in regard to justifications would remain in force for each military department.

There are two basic points that must be considered in connection with private accommodation facilities: (a) availability, and (b) reasonableness of rates.

a. Availability

The first thing that must be considered in determining adequacy of private facilities is availability. This means ascertaining the number of motels within a reasonable distance from the installation; number and types of units at each motel; and daily percentage of occupancy.

The subcommittee finds that this type of survey of availability was not performed in all cases. For instance, a motel owner in San Antonio, Tex., who is located directly across from Lackland Air Force Base, testified that he only had a 72-percent occupancy rate, that all of his units were kitchenettes, and that in the San Antonio area there was an overabundance of motels. Other motel owners in various locations testified that they, too, had plenty of rooms available for military use; and that, in fact, many relied on military patronage to stay in business. A few private motel owners felt that they faced bankruptcy if they were to receive competition from the Federal Government with regard to motel facilities.

In considering availability, the subcommittee also finds that it is necessary to determine if private accommodation facilities are available on a lease or guaranteed basis. Information supplied to the subcommittee by private motel owners indicated that most, if not all, such owners would welcome a lease contract

arrangement with the nearby military installation. Some motel owners offered to lease a portion of their units, but never received an offer from the military installation. The subcommittee is of the opinion that the military departments may not have tried in earnest to solicit leases from private motel owners.

B. REASONABLENESS OF RATES

Probably the most ambiguous of all concepts in regard to adequacy of private facilities is the reasonableness of rates. In some cases, such as with the Air Force, it appears that "reasonableness of rates" was determined to be that rate which would be identical to what the Government would charge. The subcommittee finds this to be absurd. The Air Force facilities are being operated without regard to amortization of construction costs; on tax-free Government property; and with appropriated fund support. It would be almost impossible for a private motel owner to have comparable rates unless he is operating at a minimal profit level. However, in one instance, a motel owner in San Antonio, Tex., had a monthly rate which would be lower than the rate at the nearby Government facility.

The subcommittee finds that in most instances it would be inaccurate and misleading for the services to use standard rates charged by private motels as a yardstick of reasonableness of rates. If private motels had a leasing arrangement with the Government, they could and would, certainly, be able to reduce rates drastically.

In many instances, private motels have a special reduced rate for military personnel. It is not clear that the military departments used these reduced rates or standard rates to ascertain reasonableness of charges by private facilities.

CHAPTER III. CONCLUSIONS

Congress has declared as a national policy:

The essence of the American economic system of private enterprise is free competition. * * * The preservation and expansion of such competition is basic not only to the economic well-being, but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed.

It is thus the declared policy of Congress to aid, counsel, assist, and promote the small business sector of our economy. These declarations express the policy of the Congress and are set forth in the Small Business Act.

As noted earlier in part I of this report, Government activities can, and often do have an adverse effect on small business. Therefore, it is essential that policies and programs be promulgated to alleviate this problem.

The fact that Government installations often provide great tourist potential underscores the importance of a positive aspect of Federal facilities. By drawing large numbers of visitors, installations can enhance small business activity.

Therefore, it is distressing to learn of a Government program, such as the military temporary lodging program, which undermines local small businesses. Rather than contributing to small business development in areas adjacent to installations, the Federal Government is actually competing with private motel owners. Moreover, such competition is unfair in that Government funds (even though from nonappropriated sources) are used for construction; operational expenses are defrayed in part by appropriated funds derived from taxpayers; Government facilities are tax exempt; and the property upon which the units are built is donated by the Government.

The subcommittee concludes that neither the Army, Navy, nor Air Force submitted to the subcommittee sufficient or adequate documentation justifying their temporary lodging programs. It was not demonstrated to the satisfaction of the subcommittee that proper surveys were conducted determining the need for such facilities, nor the lack of availability of private facilities. A further review by the General Accounting Office may be in order. In particular, the reason stated for justifying the military's program is not the same as that for which it is being used.

The Departments of the Army and the Navy have been cooperative with the subcommittee's interests and concern in connection with the subject matter of the hearings. The Department of the Air Force, on the other hand, has proceeded with its program with seeming disregard for the impact on small business or the objections raised by members of the subcommittee. Furthermore, the Air Force's failure to notify this subcommittee of the contract award for a signifi-

cant number of its planned facilities casts serious and grave doubts as to the Department's intentions.

The subcommittee will maintain a continuing interest in this matter and is providing the General Accounting Office with this report for further review as requested by the subcommittee.

THE IMPACT OF FEDERAL INSTALLATIONS ON SMALL BUSINESS

PART III. RECOMMENDATIONS

On the basis of the testimony, evidence, and findings, the subcommittee recommends as follows:

With respect to part I:

1. That the executive branch establish within an appropriate Government agency a governmentwide responsibility for the following purposes:

- a* To coordinate the formulation and implementation of basic standards relative to the impact of Federal installations on local communities and small business.
- b* To coordinate studies surveying the direct and indirect impact of selected installations on small business. Such studies should be comprehensive and in such detail as to identify precisely those areas where great efforts are needed to promote and assist small business.
- c* To formulate and implement a defined policy of cooperation between an installation and the adjacent local community, including small businesses.
- d* To develop a program encouraging and promoting tourism at Federal installation sites to assist small businesses.
- e*. To adopt a policy of awarding procurement contracts to small businessmen in areas adjacent to installations whenever feasible and consistent with other procurement rules and regulations.
- f*. In conjunction with Federal executive boards, to coordinate the activities of multiple installations in relation to their impact on local small business.
- g*. To report to this committee within 90 days from the date hereof as to action taken to establish, within an appropriate Government agency as indicated above, responsibility for Government-wide policy; and by December 31, 1972, on actions taken on the findings and recommendations contained herein.

With respect to part II:

2. That the Department of Defense:

- a*. Immediately review all temporary lodging projects for which contracts have been awarded, but construction not completed, with a view to determining if the projects should continue in light of the subcommittee's findings.
- b*. Consider the feasibility of giving small businessmen in the private sector an opportunity to manage and operate those temporary lodging units which have already been constructed.
- c*. Require each of the military departments to forward for review and approval all construction projects for temporary lodging quarters, regardless of method of funding.
- d*. Before approving temporary lodging projects, determine, by complete and accurate surveys, whether:
 - (i) There exists a need for such facilities and, where the need exists, the extent of such facilities (such as kitchenettes),
 - (ii) If private enterprise can meet the need, including the feasibility of leasing private units or having private enterprise construct and operate such facilities under contract with the Department.
- e*. Report to this subcommittee within 90 days from the date of this report as to action taken in connection with these recommendations.

3. That appropriate legislative committees of the Congress consider legislation to establish controls over military temporary lodging quarters programs, regardless of the method of funding, in the event the Department of Defense fails to implement the above recommendations.

4. That the source of funding (appropriated or nonappropriated) for Government products and services should not be the determining factor in applying the basic Government policy that it will rely on private enterprise to supply its needs.

5. It is the view of this committee that small business should be given every opportunity to provide the temporary housing needs of the military, and therefore it is recommended that OMB circular No. A-76 be revised to reflect this view, and that the executive branch report to this subcommittee within 90 days from the date of this report, on action taken on this recommendation.

MILITARY FAMILY HOUSING

[The following letter was submitted for the record by the National Association of Home Builders:]

NATIONAL ASSOCIATION OF HOME BUILDERS,
NATIONAL HOUSING CENTER,
Washington, D.C., August 7, 1973.

Hon. ROBERT L. SIKES,
*Chairman, Subcommittee on Military Construction, Committee on Appropriations,
U.S. House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: On behalf of the National Association of Home Builders, I should like to request that this letter be included in the subcommittee's hearing record on military construction appropriations.

The National Association of Home Builders is the trade association of the homebuilding industry. Its membership totals more than 71,000 throughout the 50 States and Puerto Rico.

Our association believes that the private homebuilding industry is capable of supplying the housing needs of military families more efficiently and at a lower cost to the Federal Government than if such housing is built by direct Federal funding. I am attaching resolutions adopted by NAHB's board of directors last October and in January of this year. These elaborate our position that, with a realistic quarters allowance system, the homebuilding industry, operating in a highly competitive field, is the best instrument for meeting the needs of our service families in the most economical manner.

Current housing allowances are not realistic in many parts of the country in terms of present economic conditions, in that they do not bear a realistic relationship to the average rentals prevailing in the community. Nor do they bear any relation to the actual cost to the Government of directly funded construction and maintenance. We urge the subcommittee, in conjunction with the Armed Services Committee, to explore the relationship of housing allowances to the actual cost of land acquisition and construction. We believe that such an investigation would show that, with an economically realistic housing allowance and private industry constructing the housing, housing our military families would be far less costly, in the long run, than the present system.

Another aspect of the present method of providing military family housing is that it fails to utilize most effectively the one industry best equipped and developed to produce housing. As a general rule, only very large general contractors are employed by the services to produce on-base housing and such contractors do not ordinarily have the experience or expertise to produce this housing at the lowest possible cost. They are more accustomed to constructing commercial and industrial type installations.

Two factors operate to exclude the average homebuilder from competing with the general contractor in an area the homebuilder knows best. One is that military housing construction contracts generally require various types of bonds which only the large contractor has the financial capacity to obtain. Another is that the larger contractor is able to outbid the smaller employer for the available labor, with resultant unrealistic higher wage rates which often have damaging effects on the local labor market. Thus, incentives to the larger contractor to keep costs as low as possible are frequently absent.

I should like to urge the subcommittee also to consider the economic multiplier effect on local economies of privately owned housing. Such housing pays full taxes and bears a full share of the costs of various municipal services as compared with directly funded housing situated on Government-owned land, whose occupants nevertheless enjoy the benefits of such municipal services. Impact aid for federally connected schoolchildren does not begin to replace the tax revenues and other moneys cities would receive if military family housing was privately built and owned.

We respectfully urge the subcommittee's consideration of these factors as it considers the Defense Department's request for funding of its military family housing operations.

Sincerely,

GEORGE C. MARTIN, *President.*

Enclosures.

PORTLAND, OREG., *October 9, 1972.*

NAHB RESOLUTION

MILITARY HOUSING

Whereas the military is engaging in construction and development of apartments and housing throughout the United States and operating them in competition with private industry, and

Whereas private industry is and always has been capable of providing necessary housing for the military, and

Whereas the basic problem is the fact that the quarters allowances for military personnel in the lower grades or rankings are too low and becoming inadequate because of inflationary conditions, and

Whereas an increase in quarters allowance would be more than offset by the savings in construction and maintenance costs incurred by the military when it is in competition with private industry: Now, therefore, be it

Resolved, That the appropriate committees in Congress conduct an investigation and study of quarters allowances with the aim of developing a realistic system that recognizes actual costs or rentals of housing developed by private developers in the locations in which the housing is sought.

HOUSTON, TEX., *January 7, 1973.*

NAHB RESOLUTION

MILITARY HOUSING

Whereas the President of the United States is conducting an economy move to eliminate waste in Government and to hold spending to \$250 billion in fiscal year 1973, and

Whereas there is a great deal of waste and unnecessary spending in military housing programs which could be eliminated in achieving the President's goal: Now, therefore, be it

Resolved, That NAHB reaffirm its position that there be developed a realistic system of quarters allowances that recognizes actual costs or rentals of housing developed by private developers and that it urge that the military housing program be immediately recast in this time of financial stringency to effectuate this more efficient private enterprise system of meeting the housing needs of our military families at a much lower total cost to the Federal Government.

